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RE-ENGINEERING THE PLANT PROPERTY INVENTORY MANAGEMENT PROCESS WITHIN NAVAL MEDICAL TREATMENT FACILITIES

by

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December, 1996

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The revised process presented in the thesis incorporates internal controls, quality check points and a standardized format to ensure information accuracy and timeliness. The primary recommendation is to have Bureau of Medicine and Surgery incorporate the revised plant property management process as a claimancy wide instruction or directive for all Medical Treatment Facilities' (MTF's) to follow.

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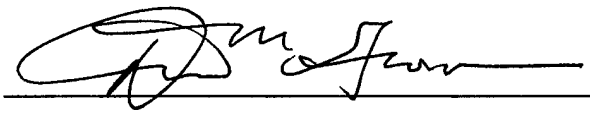
Author: 

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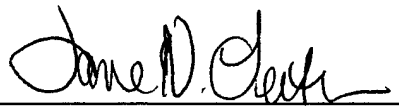
Approved by: 

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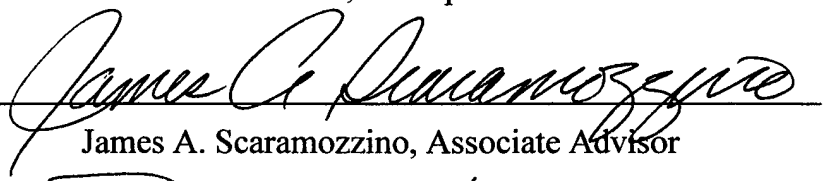

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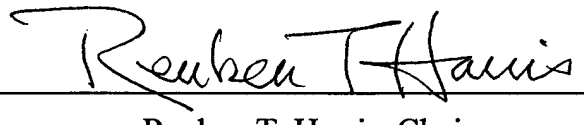

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ABSTRACT

This research evaluates the plant property inventory management process and recommend solutions that would enable accurate accountability of plant property within Navy medical treatment facilities (MTFs). It provides a standard set of revised plant property management procedures to assist local activities' comptrollers and equipment managers with day to day operations and to also meet the external requirements of two public laws: Public Law 103-356 and Public Law 101-576, requiring updated financial management and accurate, timely reporting operations.

The revised process presented in the thesis incorporates internal controls, quality check points and a standardized format to ensure information accuracy and timeliness. The primary recommendation is to have Bureau of Medicine and Surgery incorporate the revised plant property management process as a claimancy wide instruction or directive for all Medical Treatment Facilities' (MTF's) to follow.

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I. INTRODUCTION

The purpose of this thesis is to examine the plant property inventory management process and recommend solutions that would enable accurate accountability of plant property within Navy medical treatment facilities (MTF). Accurate accountability of financial data is vital for financial disclosure and budgeting. This chapter provides background information about the mismanagement of inventory management processes within the Navy and Navy medicine. It begins by addressing mismanagement issues identified by the Government Accounting Office (GAO) and then migrates down to the micro level of Navy medicine's plant property accountability problems. The chapter continues by describing the objectives, research question, general scope, and methodology of this study.

A. BACKGROUND

The accurate accounting of Navy's plant property and equipment (PPE) has recently been a target of the General Accounting Office (GAO). The GAO, the press and the Comptroller of Bureau of Medicine and Surgery (BUMED) have all identified the poor state of the Department of the Navy's (DON) financial accounting system. The GAO report goes into detail about the failures of the Navy finance system and cites that the failures are mostly due to poor internal controls and the lack of financial discipline. In a recent report, the GAO stated that "the Navy has made little progress in improving its general funds financial management and reporting since the passage of the Chief Financial Officers (CFO) Act in 1990" [Ref. 1].

The GAO cited specific problems stating that "periodic inventories of plant property were not always assured; undocumented adjustments were common; they did not reconcile accounts and records" [Ref.1].

To show the disarray of the Navy's financial management system, the GAO's report identified billions of dollars in errors. These errors are the result of an over or understatement of the DON's plant property assets. Pertinent to this thesis is the plant property mistakes that the GAO's report clearly cites. In the NAVCOMPT manual, it establishes a specific date when physical inventories are to be conducted for each major command. For example, BUMED is scheduled to have inventory checked and completed in a July to March 1997 time frame [Ref. 2]. However, 124 out of 148 (84%) Navy activities under Defense Accounting Office (DAO)-Arlington had scheduled periodic physical inventories but failed to complete them. Additionally, DAO-San Diego's 43 activities scheduled physical inventories but none of the physical inventories were checked for completion by DAO-San Diego. Some inventories were completed but not without errors. One command completed their inventory on time but the GAO found more than $46 million of operating inventory that was erroneously included as plant property. [Ref. 1]

Plant property, in the context of this thesis, is defined by the Naval Comptrollers Manual:

> The term plant property includes all Navy-owned real property and realty that are not owned by the Navy but for which accountability is the responsibility of the Navy. The term also includes Navy-owned personal property of a capital nature located in activities comprising the Naval Shore Establishment. [Ref.2]

Real property is immovable property such as land or buildings. Capital assets are property and equipment that have a life expectancy of two years or more and have a single unit value greater than $100,000, i.e., Diagnostic Ultrasound Machine. This research will deal only with fixed assets. The term "fixed assets has long been used in accounting literature to describe all types of plant and equipment" [Ref.3]. Another common term used in accounting literature is "tangible plant assets" which denotes physical substance, as exemplified by land, buildings, or machines. [Ref. 3] Additionally, the Comptroller of the BUMED uses this plant property and equipment statement as their definition and then attaches the word "assets" to solidify the definition of plant property. [Ref. 4] Thus, for this research, plant property is defined as a capital asset that has a two-year minimum life expectancy and a single unit value more than $100,000.

The press is also investigating the state of the Navy's financial management system. The *Navy Times* draws some of the same conclusions as the GAO though this may be because the *Navy Times* gets its information from the GAO. To quote the *Navy Times* "the Pentagon is a textbook example of poor bookkeeping." [Ref. 1]

Additionally, the article makes a remark about the condition of surplus equipment worth billions of dollars and states that, because of improper inventory procedures, waste and fraud amounting to billions of dollars has occurred throughout the system. The GAO outcomes are due to a lack of physical inventory management procedures or processes.

Defense Finance Accounting System (DFAS) acts as an accounting organization for DoD. It is currently being investigated by the GAO, whose purpose is to review accounting practices and procedures. Besides the plant property problems, DFAS's operating locations (OPLOCS) made many adjustments without providing supporting documentation. These adjustments are accounting changes to the official financial records to correct data entry errors. For example, over a four-month period, $14 billion in accounting adjustments were made by DFAS operating locations. The GAO reviewed 64 adjustments and could only find 33 out of 64 (52%) with proper documentation accounting for the adjustments. [Ref. 1]

The last area of concern is reconciliation of accounting records or, in the Navy's case, the lack of reconciliation. The GAO report cites DAO-Arlington as not having reconciled any plant property accounting records over an 18-month period. This amounts to differences of $21 million between the command and DAO-Arlington's records. [Ref.1]

In the fall of 1996, BUMED Comptroller began to examine the accuracy of the data that is required for future FY-97 financial statements. The requirements for accurate financial statements are being driven by two public laws: Public Law 103-356 (Chief Financial Officers Act of 1990) and Public Law 101-576 (Government Management Reform Act of 1994). Essentially, these laws require updated financial management and reporting operations. [Ref. 4] The laws establish criteria for five year financial management plans, reporting, and internal controls. [Ref. 6] The intent of the laws was to have government agencies comply with applicable private/commercial sector accounting principles and standards so that the agencies would provide complete, reliable, consistent and timely financial data. [Ref.7]

B. OBJECTIVE

The intent of the research is to provide revised plant property management procedures to assist local activities' comptrollers and equipment managers with the day to day operations of accurate accountability for their plant property assets. Additionally, the revised procedures will help activities meet the external requirements of two public laws: Public Law 103-356 and Public Law 101-576. By identifying one plant property accounting process for all MTF's to use, the quality of financial data is anticipated to increase because of a reduction in the variation of the plant property inventory management process, and, thus, reducing and/or avoiding the possibility of lost, misplaced or missed information.

C. RESEARCH QUESTION

The research question will examine the following: What specific changes in Navy medicine's inventory management processes at MTF's are necessary to fulfill the intent of Public Law 103-356 Title IV, Sec.405, 3515 of the Government Management Reform Act of 1994, in regards to plant property equipment?

D. SCOPE

The principle objective of this research is to develop one set of revised plant property inventory management procedures for application to all Naval Military Treatment Facilities (MTFs) to use in fulfilling the Public Laws. In this study, three different MTF's are examined to provide a reasonable representation of current Naval medicine practices and procedures. The following MTFs were selected because of their size and mission: Naval Medical Center, San Diego, Naval Hospital, Camp Pendleton and Naval Hospital, Twenty Nine Palms. This thesis will focus on how each facility conducts its plant property inventory management procedures. By selecting various sized MTF's, a comparison of each command's plant property inventory management procedures can be scrutinized in detail to provide a revised process for all MTF in the Navy.

Naval Medical Center, San Diego (NMCSD) is a large teaching and acute care facility. It has 393 operating beds and an expanded capacity of 746. Its staff consists of over 200 medical staff physicians plus 300 residents and interns. Special programs such as Clinical Investigation and Graduate Medical Education (GME) are provided at NMCSD.

Naval Hospital, Camp Pendleton is a medium size hospital whose mission is more community based. It serves primarily the surrounding active duty population and base of Camp Pendleton. It has 128 operating beds and expanded capacity of 624. It is staffed by 73 staff physicians and 36 residents. It provides one GME course in Family Practice. Naval Hospital, Twenty Nine Palms is a small hospital, in a remote location whose main purpose is to serve the community. It has 29 operating beds and expanded capacity of 40. It has 22 medical officers. [Ref. 8]

The receipt and disposal steps are key to reducing variation in the plant property inventory management process since receipt of property is when goods enter the system and disposal is when they exit. With receipt of property as the entry step in the process, it is imperative that a thorough gathering of all necessary information is done at the start of the process instead of backtracking later in the system which wastes time and energy. Disposal is equally important because it represents the last step of the accountability process. It is essential that a complete record of plant property asset be 'zeroed' or closed out of the accounting records at the unit and at the Defense Finance Accounting Service (DFAS) level.

E. METHODOLOGY

This thesis begins by reporting the results from three plant property representatives interviews, one from each of the three MTFs.

Responses to a series of questions about the individual command's plant property procedures, document flow, and data base management help identify the process flow necessary to meet the minimum requirements outlined in the NAVCOMPT manual Vol.3 Chapter 6. This chapter provides specific standards from the Navy Comptroller on how plant property procedures are to be executed for shore based activities. Financial data elements will be analyzed to show discrepancies in each of the command's current plant property procedures. The purpose for this data analysis is to show the severity of mismanaged plant property procedures. The data has been collected in two forms. Each of the three commands provided a hard copy listing of their current plant property equipment as well as a database file of their respective plant property. Comparison of this data with financial data provided by the DFAS's OPLOCS will validate the level of accuracy of plant property procedures.

F. ORGANIZATION OF RESEARCH

The remaining chapters in this thesis are organized as follows: Chapter II provides background material on what plant property is, an overview of current Navy plant property inventory management policy and concludes with a discussion about the key stakeholders in the plant property process. Chapter III details how PPE inventory management procedures are conducted at each site and outcome data is presented. Chapter IV answers the research question by interpreting the data and providing a revised PPE inventory management process. Chapter V presents a summary of the findings, draws conclusions, and offers recommendations for future research.

II. BACKGROUND AND LITERATURE REVIEW

This chapter begins with a historical background of what policies and governmental instructions drive plant property accountability. Once an understanding of government policy is established, presentations of U.S. Navy's policies and procedures for accountability of plant property are provided in detail from the Naval Comptroller Manual. To conclude, the chapter discusses the role of key organizations, management information systems, reports and forms as they relate to the plant property accountability.

A. EARLY HISTORY

Title 10 United States Code 2701(a) directs the armed forces to establish a quantitative and financial recording system to account for fixed property, installations, and capital equipment. Once the policy is set by the DoD Comptroller, each service establishes a specific criterion for the accounting of their capital equipment. The U.S. Navy uses the Naval Comptroller Manual, Vol. 3, Chapter 6 (NAVCOMPT) to establish their specific procedures on the "how to account for plant property." [Ref. 2]

'Plant property' is the term the U.S. Navy uses to describe real or personal property that meets an established dollar threshold. The capital or investment equipment threshold follows the level of the Other Procurement appropriation established by Congress's annual budget. In previous years the thresholds established in the annual budget were as follows: FY 85-FY 91 $5,000; FY 94 $25,000; FY 95 $50,000 [Ref. 4]. Currently, in FY 96 the threshold for Other Procurement appropriation is $100,000. Therefore, plant property accountability is set at the value of $100,000 or above.

In the Department of the Navy (DON), plant property is divided into two categories; real and personal property. Real property includes items such as buildings, land, structures and utilities. Personal property includes all Navy property other than real property. [Ref. 9]

Beyond the two categories of plant property, real and personal, DON has subdivided these categories into four different classes of property. Subdividing the categories into four classes allows managers more physical control over the entire plant property process. The classes are as follows: Class 1-Land, Class 2-Buildings, Structures and Utilities, Class 3-Equipment (other than Industrial Plant Equipment (IPE)), and Class 4-IPE. [Ref.2]

B. AN OVERVIEW OF PLANT PROPERTY PROCEDURES

The Comptroller General, head of the GAO, is at the highest level of governmental accounting and establishes basic controls to account for property within the U.S. government including the armed forces. These controls are broad but help set the standard for service-specific procedures. The following are some basic controls set by the GAO:

> 1. They must record all transactions. 2. Appropriate records of physical inventories of plant property should be maintained. 3. Performance of independent reconciliation of these physical inventories with accounting records are required [Ref. 1].

These controls serve only as a guide. Subsequent paragraphs provide specific procedures from the NAVCOMPT manual on how the U.S. Navy accounts for Class 3-Equipment (other than IPE).

The NAVCOMPT manual applies to all naval shore establishments, operating units based ashore and government contractors' plants. The applicable procedures from the NAVCOMPT Manual Vol. 3, Chapter 6 are defined in detail and include: when to report, the prescribed form and its use, and the method and amount at which plant property is capitalized. For example:

> All acquisitions of equipment meeting the criteria for inclusion in the plant property record will be reported no later than the 10th calender day immediately following the quarter in which the equipment item is physically received. [Ref. 2]

If a command received a piece of plant property on its loading dock on 30 September 1996, a plant record must be forwarded to the finance center by 10 January 1997 [Ref. 2]. The form used in accounting for Class 3 plant property is DOD Property Record (DD 1342). This form is filled out for each individual piece of equipment except for ancillary or accessory equipment, and additional equipment that is essential to the operation of a large system would be considered an accessory equipment or item. For example, a x-ray tube head is an accessory item for an x-ray unit. When speaking about operational units, these procedures do not apply to the operational unit's equipment but instead, apply to non-deployable assets. For example, specialized test equipment could be part of a ship's mission essential equipment while in port but not while in an operational status at sea.

The assignment of responsibility for plant property management is an essential item to note. The instruction defines who is responsible at each level, from Comptroller of the Navy to the fiscal officers at the unit level. Fiscal Officers are the equivalent of comptrollers at the activity or unit level.

The Comptroller of the Navy is responsible for ensuring DOD financial policies and procedures are set and executed at all levels within DON. Fiscal officers are the local command's key people in the execution of plant property procedures. They are responsible for establishing and maintaining the official plant property records for the unit as well as providing the required reports to DFAS. [Ref.2]

The fiscal office determines the capitalization of Class 3 plant property. Capitalization occurs when the fiscal officer determines the value of the piece of plant property or asset by using the acquisition cost from the contract or requisition document. Acquisition costs include transportation, installation, discounts and any other costs associated with putting the item into service. Matching the DD 1342 with contractual or receiving documents is done to verify the acquisition cost reported to the fiscal office. If this financial data cannot be verified, then the item will be "Gain by inventory." NAVCOMPT manual authorizes no delays in reporting information so when data is confirmed, corrections should immediately be made to the financial systems database. If cost data is unavailable then an estimate will suffice instead. Attempts to get accurate financial data are made by calling manufacturers or suppliers, who may have copies of bills of sale of similar items. This method of calling manufacturers and using bills of sale can be used to collect and compare necessary historical data. [Ref.2]

NAVCOMPT manual also describes a detailed composition of the plant property number. This number consists of a five digit Unit Identification Codes (UIC) and six more digits determined by the local command.

It remains on the equipment much like a serial number. A representative from plant accounts must also identify each piece of equipment as U.S. Navy Property and tags it with a sticker as such.

Once an understanding is developed of what the forms mean, when items are to be reported, how to capitalize the equipment and how to use the plant property identification tag, the accounting process can be summarized.

The plant property inventory management process starts at the activity level and then shifts to the finance center. When a new item or piece of equipment is received, a decision is made whether the item meets a specific dollar threshold and, if so, must be recognized as plant property. After being designated as plant property, the activity fills out the DD 1342 and verifies cost data with the shipping/receiving documents such as Order for Supplies or Services (DD Form 1155) or DoD Single Line Item Requisition System Document (*Manual*)(DD Form 1348-6). The DoD Property Record Card (DD Form 1342) is then forwarded by the fiscal office to one of the finance accounting centers for entry into the Navy's financial system. Reconciliation of data received by the finance center and the unit is done quarterly to ensure data is recorded accurately. Reconciliation Report (NC Form 167) is used for this reconciliation process. According to NAVCOMPT manual, "plant property records should be reconciled with subsidiary/general ledger accounts quarterly and should agree with balances reported by units" [Ref. 2].

In summary, units receive equipment, verify cost data, assign plant property numbers, and then fill out a form, assign plant property and equipment (PPE) bar code identification numbers, enter all information into a database at the activity level Property Management Budgeting System (PMBS), and then forward the form to the finance center. Reconciliation of balances are done quarterly to ensure accuracy.

C. PROPERTY MANAGEMENT BUDGETING SYSTEM

The Property Management Budgeting System (PMBS) is a data base system designed to track or account for MTF's major and minor plant property under the BUMED claimancy. This unit level system aids Equipment Managers as they physically account for all of the unit's property. PMBS is a 'DOS' driven system that can upload and download data with the aid of a scanner using bar code technology. An inventory is accomplished in a short amount of time using the scanner to read bar codes and then data is downloaded into the PMBS. After downloading data, the system automatically does the administrative task of updating new equipment locations. These software capabilities provide efficient management of all property within the MTF. As this is a data driven system, quality input by personnel is essential in generating quality reports and data from the PMBS.

D. KEY ORGANIZATIONS IN THE PLANT PROPERTY INVENTORY MANAGEMENT PROCESS

Presented below are the principal organizations that affect the plant property procedures from the unit to intergovernmental level.

They include a discussion on personnel, the Defense Finance Accounting Service, and the Government Accounting Office. The intent is to provide a basic framework to use later in drawing conclusions about the main thesis question which is: What specific changes in Navy medicine's inventory management processes are necessary to fulfill the intent of Public Law 103-356 Title IV, Sec.405, 3515 of the Government Management Reform Act of 1994, regarding plant property?

1. Military Treatment Facilities (MTFs)

MTFs are the first link in the plant property chain of events. A variety of key personnel and departments play crucial roles in the plant property process. The key personnel are the division officers and section leaders of Material Management and Comptroller Departments (also known as Fiscal or Resource Department). In most MTFs, the execution of plant property inventory management procedures such as inventories, custodial records, and document flow, occurs within Property Accounts and the Disposal Section, which is under the control of the Material Management Department.

Within Material Management, the Receiving Dock, Biomedical Repair, and Property Accounts and Disposal are involved in the processing of Class 3 plant property. In most hospital organizations, the Warehouse Division Officer supervises Receiving Dock personnel. Receiving Dock personnel are usually the first to take custody of the property for the command. Accountability or liability also begins when custody is taken at the Receiving Dock.

The next two sections in importance are Biomedical Repair and Property Accounts. In most MTF organizations these two areas are usually the responsibility of the Equipment Manager Division Officer. Biomedical Repairmen are an essential part of the process as they track safety and maintenance related issues for all medical property which enters the command. Plant Accounts and Disposal are the points of contact for tracking and accountability of all property within the facility. Their main tasks are to gather documents, know the location of all property and determine the final disposition of all property.

Key personnel in the Comptroller Department are the accounting technicians who enter data into the Standard Accounting Reporting System-Field Level (STARS-FL). STARS-FL is a computer software and hardware system to assist comptrollers in day to day operations of financial accounting. Their essential task is to act as the link for all property related issues for the command to the finance center. This department is responsible for official plant property records and the submission of required reports to DFAS. Usually, this department does not maintain DD 1342 cards but instead receives a photo copy of the DD 1342 from Material Management's Plant Accounts Section and then enters data into the accounting system.

2. Defense Finance Accounting Service (DFAS)

The Defense Finance and Accounting Service (DFAS) is essentially the accounting firm for the Department of Defense (DOD). Comptroller, Under Secretary of Defense, has direct authority and responsibility over DFAS.

Started in January 1991, the objective of DFAS is to provide finance and accounting services for DOD Components. DFAS also directs the consolidation, standardization, and integration of finance and accounting requirements, operations, and systems within the DOD. They also ensure that there is a proper relationship with other DOD functional areas such as budget, personnel, logistics, acquisition and civil engineering. [Ref.10]

DFAS' main responsibilities include standardizing financial and accounting information, and ensuring that it is accurate, comprehensive, and timely. In order to execute these responsibilities the Director of DFAS must establish finance and accounting requirements, policies, and standards. Besides a massive restructuring and consolidation, DFAS is responsible for identifying and implementing finance and accounting requirements, and establishing systems to account for various funds such as appropriated and non-appropriated funds. The Director must establish adequate enforcement policies. It is critical that new initiatives or requirements, standards and procedures are completed in such a way that they comply with the strict accounting regulatory requirements applicable to DOD activities. [Ref. 10]

When DFAS began a few years ago, the purpose was to improve the overall effectiveness of financial management within DOD. As a result, they endeavored to consolidate, standardize and integrate finance and accounting procedures and systems. Physically, DFAS consists of a small headquarters in Virginia, and five finance and accounting centers located throughout the US. Besides the five finance and accounting centers, Defense Accounting Offices (DAO) exist at the organizational level to help disburse the workload. [Ref. 10]

The Operating Location (OPLOC) handles the day to day accounting and bill paying workload for DFAS on a regional distribution basis. OPLOCs are found around the country, usually tasked with regional responsibilities. OPLOCs are also responsible for setting policy and coordinating inventories of plant property. The primary OPLOC used by Navy medicine is DAO-San Diego. DAO-San Diego functions as the direct financial link to DFAS-Cleveland, providing all official plant property data for each local command.

3. General Accounting Office (GAO)

The Budget and Accounting Act of 1921 established the General Accounting Office (GAO) (31 U.S.C. 702), to act as an independent audit and investigative arm of Congress [Ref 11]. Its mission is to examine all matters that relate to the disbursement of government funds. Responsibility for control and direction lies with the Comptroller General of the United States. Congress is the GAO's number one customer. The GAO provides various services such as audits and independent evaluation of government programs. Members of Congress and Congressional subcommittees give tasks to the GAO directly. [Ref.11]

Another major job of the GAO is to provide Congress with accurate and complete financial management data. To complete this task the GAO must prescribe accounting principles and standards for government agencies and advise them on fiscal policies and procedures. Thus, it is critical that data collection methods for fiscal, budget and program-related requirements of the government and DOD are standardized [Ref. 11].

Although GAO is not an essential element of the plant property process at the local level, at the DOD level, the GAO is the auditor who helps to identify discrepancies such as those described in their plant property inventory management findings. [Ref.11]

E. FORMS AND REPORTS

This section of the thesis covers the mandatory forms and reports that are generated during the plant property inventory management process. A discussion on requisition and receiving documents, turn-in documents, official accounting records and reconciliation reports is presented below.

1. Requisition and Receiving Documents

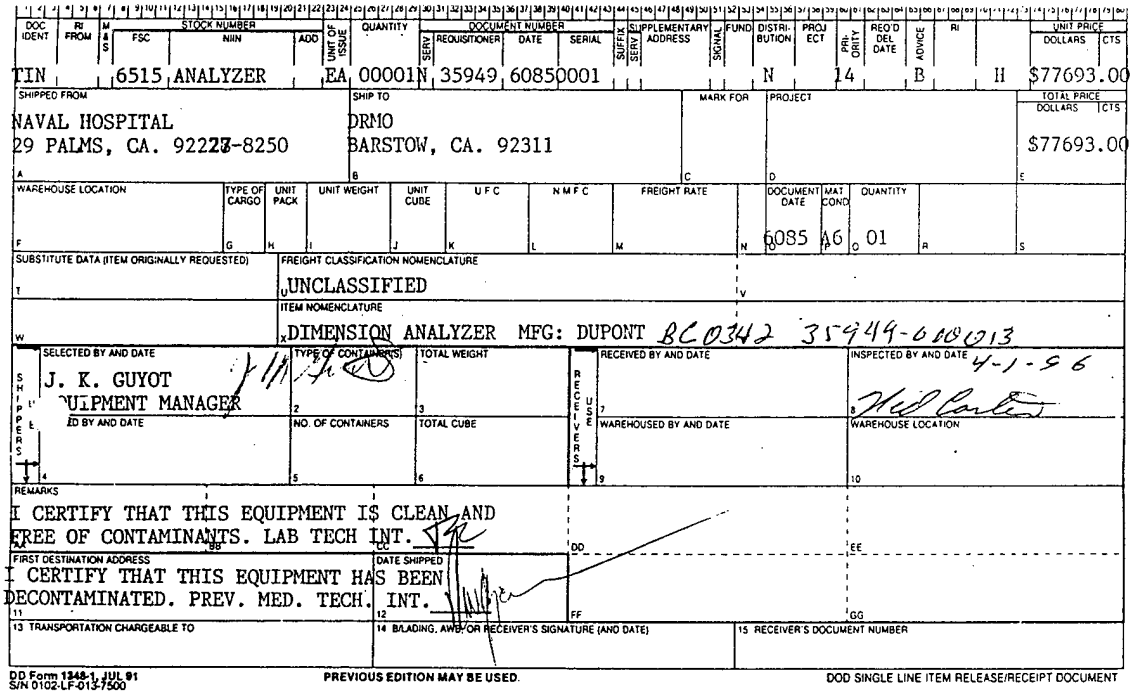
The plant property inventory management process begins with a request for equipment. The first document, Order for Supplies or Services (DD Form 1155) is used primarily for ordering supplies or services. When used to procure supplies, it is forwarded to the activity prior to receipt of the material. Upon receipt of the material, the activity will circle 'quantity' in block 20 of the form if the entire 'Quantity' received is accepted. The second document, DOD Single Line Item Requisition System Document (Manual)(DD Form 1348-6), can and is used as a requisition and receipt document for most materials. Upon receipt of material, local activity personnel acknowledge receiving the material by circling the 'Quantity' box, signing their name and placing the date in the 'Remarks' block. [Ref. 12]

2. Turn-in Document

Turn-in documents are those that are used to determine the final disposition of property. The primary document for turning in plant property is the Single Line Item Release/Receipt Document (DD Form 1348-1). For an example of a DD 1348-1 refer to Figure 2.1. This form is filled out by designated representatives of the command in order to turn in excess property. Units or commands usually turn in excess property to a Defense Reutilization Marketing Office (DRMO) by providing a copy of the filled out DD 1348-1. In addition, a copy of this document is used by OPLOCS as proof of final disposition of property. [Ref. 12]

3. Official Accounting Record and Reconciliation Report

The basic accounting form used is the DOD Property Record Card (DD Form 1342). For an example of a DD 1342 refer to Figure 2.2. The primary function of this form is to report the acquisition of a plant property item with an initial cost equal to or greater than Other Procurement (OP) funding appropriation thresholds. Currently this amount is $100,000. Filled out by the local command, copies of this form are sent directly to the OPLOCs for entry into the financial accounting system. The DD 1342 is the form that is used to enter official financial data onto the OPLOC's Reconciliation Report.



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NAVAL HOSPITAL 29 PALMS, CA. 92278-8250	DRMO BARSTOW, CA. 92311			$77693.00	
A	B	C	D	E	

WAREHOUSE LOCATION	TYPE OF CARGO	UNIT PACK	UNIT WEIGHT	UNIT CUBE	U F C	N M F C	FREIGHT RATE		DOCUMENT DATE	MAT COND	QUANTITY		
F	G	H	I	J	K	L	M	N	O	P	Q	R	S
									6085	A6	01		

SUBSTITUTE DATA (ITEM ORIGINALLY REQUESTED)	FREIGHT CLASSIFICATION NOMENCLATURE
T	UNCLASSIFIED V

	ITEM NOMENCLATURE
W	X DIMENSION ANALYZER MFG: DUPONT BC0342 35944-000013

SHIPPERS USE	SELECTED BY AND DATE	TYPE OF CONTAINER(S)	TOTAL WEIGHT	RECEIVERS USE	RECEIVED BY AND DATE	INSPECTED BY AND DATE
	J. K. GUYOT EQUIPMENT MANAGER	2	3		7	4-1-96 8
	4	NO. OF CONTAINERS 5	TOTAL CUBE 6		WAREHOUSED BY AND DATE 9	WAREHOUSE LOCATION 10

REMARKS		
I CERTIFY THAT THIS EQUIPMENT IS CLEAN AND FREE OF CONTAMINANTS. LAB TECH INT.	DD	EE
FIRST DESTINATION ADDRESS I CERTIFY THAT THIS EQUIPMENT HAS BEEN DECONTAMINATED. PREV. MED. TECH. INT.	DATE SHIPPED 12	FF GG
11		

13 TRANSPORTATION CHARGEABLE TO	14 BILADING, AWB, OR RECEIVER'S SIGNATURE (AND DATE)	15 RECEIVER'S DOCUMENT NUMBER

DD Form 1348-1, JUL 91
S/N 0102-LF-013-7500

PREVIOUS EDITION MAY BE USED.

DOD SINGLE LINE ITEM RELEASE/RECEIPT DOCUMENT

Figure 2.1

The purpose of the Reconciliation Report (NC167) is to assist local commands and the OPLOCs as they reconcile quarterly property account records with the receipt documents that flow through the accounting system. The NC 167 is filled out and is provided to local commands by the OPLOCs. For an example of a NC 167 refer to Figure 2.3. Once commands receive the NC 167, they must reconcile discrepancies and turn in appropriate adjustments. [Ref. 2]

This chapter has summarized the mandate which tells DOD activities who and what they are responsible for when executing plant property inventory management procedures. It also included a discussion on key organizations and personnel directly involved in the day to day operation and inspection of plant property procedures, and concluded with a brief summary of essential documents for day to day operation.

DOD PROPERTY RECORD

1. [X] ACTIVE [X] INITIAL [ ] IDLE [ ] CHANGE | 2. JULIAN DATE: 6317 | 3. I.D. / GOVERNMENT TAG NO: 00259-960060 | Form Approved OMB No. 22-R0209

SECTION I - INVENTORY RECORD

4. COMMODITY CODE	5. STOCK NUMBER	6. ACQUISITION COST	7. TYPE CODE	8. YR OF MFG	9. POWER CODE	10. STATUS CODE	11. SVC CODE	12. COMMAND CODE	13. ADM OFFICE CODE
		272,000	3	96		1A	1	N00018	N00259

14. NAME OF MANUFACTURER	15. MFR'S CODE	16. MANUFACTURER'S MODEL NO	17. MANUFACTURER'S SERIAL NO.
COHERENT INC		UP5000C	F653113404

18. LENGTH	19. WIDTH	20. HEIGHT	21. WEIGHT	22. CERTIFICATE OF NONAVAILABILITY NUMBER	23. PEP NO.	24. ARD	25. CONTRACT NUMBER

26. DESCRIPTION AND CAPACITY

NOMENCLATURE: SURGICAL LASER CO2

CONTINUED ON REVERSE SIDE [ ] YES [X] NO

27. ELECTRICAL CHARACTERISTICS

QUANTITY	HORSEPOWER	VOLTS	PHASE	CYCLE	AC	DC	SPEED	TYPE AND FRAME NUMBER

28. PRESENT LOCATION

N00259
NAVAL MEDICAL CENTER
SAN DIEGO, CA 92134-5000

28.1 DISPOSITION NO

29. POSSESSOR CODE

0000259

SECTION II - INSPECTION RECORD

	YES	NO		YES	NO
30. CAN ITEM BE STORED AND MAINTAINED ON SITE FOR AT LEAST 12 MONTHS?			42. MUST ITEM BE REPAIRED / REBUILT / OVERHAULED TO PERFORM ALL FUNCTIONS? $		
31. HAS ITEM BEEN REBUILT / OVERHAULED? DATE IF SO, WHEN?			43. DO QC RECORDS INDICATE SATISFACTORY PERFORMANCE? IF NO, EXPLAIN UNDER REMARKS BELOW.		
32. HAS ITEM BEEN MODIFIED FROM ORIGINAL CONFIGURATION? IF SO, EXPLAIN UNDER REMARKS BELOW.			44. ARE MANUALLY OPERATED MECHANISMS IN WORKING ORDER? IF NO, EXPLAIN UNDER REMARKS BELOW.		
33. WAS ITEM INSPECTED UNDER POWER? IF NOT, EXPLAIN UNDER REMARKS BELOW.			45. ARE SCALES, DIALS, AND GAUGES WORKING AND READABLE? IF NO, DESCRIBE UNDER REMARKS BELOW		
34. ARE MAINTENANCE COSTS NORMAL? IF NOT, EXPLAIN UNDER REMARKS BELOW.			46. ARE HYDRAULIC PUMPS, VALVES, AND FITTINGS OPERATING PROPERLY? IF NO, EXPLAIN UNDER REMARKS BELOW		
35. ARE SAFETY DEVICES ADEQUATE AND SATISFACTORY? IF NOT, EXPLAIN UNDER REMARKS BELOW.			47. ARE ELECTRONIC SYSTEMS AND CONTROLS OPERATING PROPERLY? IF NO, DESCRIBE UNDER REMARKS BELOW		
36. ARE INSTALLATION INSTRUCTIONS AVAILABLE FOR TRANSFER?			48. HOW MANY HOURS WAS ITEM USED BY CURRENT POSSESSOR?		
37. ARE OPERATING INSTRUCTIONS AVAILABLE FOR TRANSFER?			49. EXPLAIN UNDER REMARKS LAST USE OF EQUIPMENT DESCRIBED IN ITEM 26 ABOVE		
38. WAS ITEM LAST USED ON A FINISHING OPERATION?			50. ESTIMATED COST FOR PACKING, CRATING, HANDLING $		
39. WILL ADJUSTMENTS OR CALIBRATION CORRECT DEFICIENCIES?			51. INDICATE DATE ITEM WILL BE AVAILABLE FOR REDISTRIBUTION		
40. IS ITEM SEVERABLE WITHOUT DAMAGE TO COMPONENTS? IF NOT, GIVE THEIR REPLACEMENT COST. $			52. CONDITION CODE		
41. IS ITEM IN OPERABLE CONDITION?			53. OPERATING TEST CODE		

SECTION III - REMARKS

54. REMARKS

BARCODE: O4009698
REQN NO: N0025996RC60014

REMARKS CONTINUED ON REVERSE SIDE [ ] YES [ ] NO

SECTION IV - DISPOSITION RECORD

55. CONSIGNEE (Name and address, including ZIP code)

56. TYPE OF DISPOSITION

[ ] DONATION [ ] DESTRUCTION

[ ] SALE [ ] ABANDONMENT

56.1 DATE OF DISPOSITION AND PUBLICATION IF SOLD

SECTION V - VALIDATION RECORD

57. VALIDATION (Typed name(s) and signature(s))

R. G. FLAKE MMCS(SW), USN

DD FORM 1 MAY 78 1342

EDITION OF 1 AUG 77 MAY BE USED UNTIL EXHAUSTED

Figure 2.2

RECONCILIATION OF PLANT ACCOUNT
NAVCOMPT FORM 167 (REV. 6-73)

NOTE: USE REVERSE SIDE AS REQUIRED

NAVCOMPT 7321-2

ACTIVITY (Base and location)	UNIT IDENTIF. CODE	FOR QUARTER ENDING
Naval Medical Clinic, San Diego, CA 92134-5000	00259	June 30, 1995
REPORTING ACTIVITY DEFENSE FINANCE AND ACCOUNTING SERVICE, DEFENSE ACCOUNTING OFFICE - CLEVELAND CENTER, GREAT LAKES, ILLINOIS 60088-5797		UNIT IDENTIF. CODE 060956

IF NO CHANGE SINCE LAST REPORT - CHECK HERE [X]

SECTION A-NAVY OWNED

PROPERTY CLASS	BALANCE BEGINNING OF QTR. (Col. 4 prev. qtr.) (1)	TOTAL ACQUISITIONS FOR QUARTER (2)	TOTAL DISPOSITIONS FOR QUARTER (3)	BALANCE END OF QUARTER (Col.1+Col.2-Col.3) (4)
1. LAND Class 1	$	$	$	$
2. BUILDINGS, STRUC. AND UTIL. Class 2				
3. EQUIPMENT (Other than IPE) Class 3				
4. INDUSTRIAL PLANT EQUIPMENT Class 4				
5. TOTALS	$	$	$	$

SECTION B-PLANT ACCOUNT CHANGES DURING QUARTER

ACQUISITIONS	6. Plant property completed and reported (Per Line 23)	$	
	7. Gains by inventory		
	8. Adjustment acquisitions		
	9. Other acquisitions		
	10. TOTAL ACQUISITIONS (CARRY TO SECTION A, COLUMN (2))		$
DISPOSITIONS	11. Plant property surveyed	$	
	12. Adjustment dispositions		
	13. Other dispositions		
	14. TOTAL DISPOSITIONS (CARRY TO SECTION A, COLUMN (3))		$

SECTION C-WORK-IN-PROGRESS-PLANT

15.	Work-in-Progress-Plant, beginning of quarter (Per previous report, Line 28)		$
16.	Public Voucher charges (Per Line 35)	$	
17.	NSA or MCSFA material applied		
18.	APA or MCASA material applied		
19.	Labor and overhead applied		
20.	TOTAL CHARGES APPLIED		$
21.	Adjustments (Reference Navy Acctg. & Fin. Ctr. or MarCorps authority)		$
22.	Cumulative total, Work-in-Progress-Plant		$
23.	Plant property completed and reported (Carry to Line 6) (Deduct)		$
24.	Balance end of quarter, Work-in-Progress-Plant		$
25.	Work-in-Progress-Plant, end of quarter, Classes 1 and 2	$	
26.	Work-in-Progress-Plant, end of quarter, Class 3		
27.	Work-in-Progress-Plant, end of quarter, Class 4		
28.	TOTAL CLASSES 1, 2, 3 AND 4, WORK-IN-PROGRESS-PLANT, END OF QUARTER (LINES 25 THROUGH 27) (MUST BALANCE WITH LINE 24)		$

SECTION D-PUBLIC VOUCHER CHARGES

PUBLIC VOUCHER ABSTRACTS RECEIVED

	ABSTRACTING ACTIVITY U.I.C.	MONTH OF ABSTRACT	AMOUNT
29.			
30.			
31.			
32.			
33.			
34.			
35.	TOTAL AMOUNT OF ABSTRACTS RECEIVED (CARRY TO LINE 16)		$

CERTIFICATION

I certify that the amounts reported on this form are taken from prescribed accounting records maintained under my direction.

(Signature)

K. L. OWENSON

DAO-GL 21626 (Rev. 10/92)

Figure 2.3

III. METHODOLOGY AND DATA COLLECTION

This chapter focuses on the types and sources of the data collected. It addresses the methodology used to conduct the interviews done at each MTF to aid in the understanding of each command's document flow and data base management of their plant property. The data will provide support to demonstrate that Navy medicine clearly has problems with reporting plant property data accurately to DFAS. The chapter presents the results from the interviews of plant property representatives followed with the presentation of summary acquisition cost data from each command's database Property Management Budgeting System (PMBS) and DFAS's database Plant Property Accounting System (PPAS).

A. METHODOLOGY

1. Interviews with Plant Property Representatives (PPR)

A PPR from each of the three MTFs was interviewed. Responses to a series of questions about their individual command's plant property procedures, document flow, and data base management assist in identifying the proper process flow necessary to meet the minimum requirements outlined in the NAVCOMPT manual Vol.3 Chapter 6.

The interviews were conducted on site at NMCSD, NHCP, and NHTP in the plant property representative's office. Plant property representatives were either DoD civil service or active duty military personnel. Their experience and job descriptions varied from command to command. For example, NMCSD uses an active duty Chief Petty Officer to manage their property. On the other hand, NHTP and NHCP use DOD civil service Government Service Level (GS-5) and Government Service Level (GS-7) respectively. The average length of time representatives have held their positions was two years.

Two out of three representatives had on-the-job training. Follow-on interviews were conducted by phone to verify document flow and specific details about day to day operations.

2. Acquisition Cost Data

In addition to the questionnaire, acquisition cost data was analyzed to show the outcomes of each of the command's current plant property inventory management procedures. Comparison of this data with financial data provided by the DFAS's OPLOCs validate the inaccuracy of their plant property procedures.

Specifically, data gathered from each command's PMBS was compared to data from DFAS's database PPAS. The collection method was simple: copies of PMBS and PPAS data were gathered from each MTFs and DFAS, and compared to each other with the aid of a spreadsheet program. Once all data is collected from PMBS and PPAS, it was presented graphically.

B. DATA COLLECTION

First, the results of the Plant Property Procedures Questionnaire are presented, detailing each step of plant property inventory management processes for each command's receipt and disposal of PPE, and then a graphical representation of each command's acquisition data is discussed. Data results on the total value of plant property, total line items of plant property and the percentage of missing documentation are presented. The interviews provide the step by step actions taken by plant property representatives to complete the plant property processing cycle at their respective commands. The results and summarized acquisition data represent the foundation for establishing the revised plant property inventory management process presented in Chapter IV.

1. Naval Medical Center San Diego (NMCSD)

a. Receipt of Property Procedures

The following steps are used by NMCSD to process receipt of plant property ending when documents are sent to DFAS. Refer to Figure 3.1 for the Flow Diagram of Receipt of Plant Property Procedures for NMCSD.

1. A PPR from Plant Property Division goes over to the Receiving Dock of Material Management and Biomedical Repair Division daily to check if any equipment has been received.

2. When a new item is received, the PPR takes a blank printout of the input screen of the Property Management Budgeting System (PMBS) to capture all essential data fields.

3. The PPR fills in all data by physically examining the equipment and the receiving document, and verifies it. Examples of data elements filled out by representative include: manufacturer, serial number, model number, purchase order number and acquisition price.

4. Once all data fields on the PMBS printout are complete, a red tag is placed on the equipment to identify it as property belonging to NMCSD.

5. A separate bar code is put on the equipment to be used as a tracking device while conducting physical inventory 3. What is the Costs of Customer Ser vice and how do we Model them? with a hand-held scanner.

6. The filled-in PMBS printout and the hard copy of the receiving document, i.e., DD 1155 or DD 1348-6 are given to the supervisor of Plant Accounts.

7. The supervisor verifies the information again and assigns the equipment a plant account number and enters all data from the printout into PMBS.

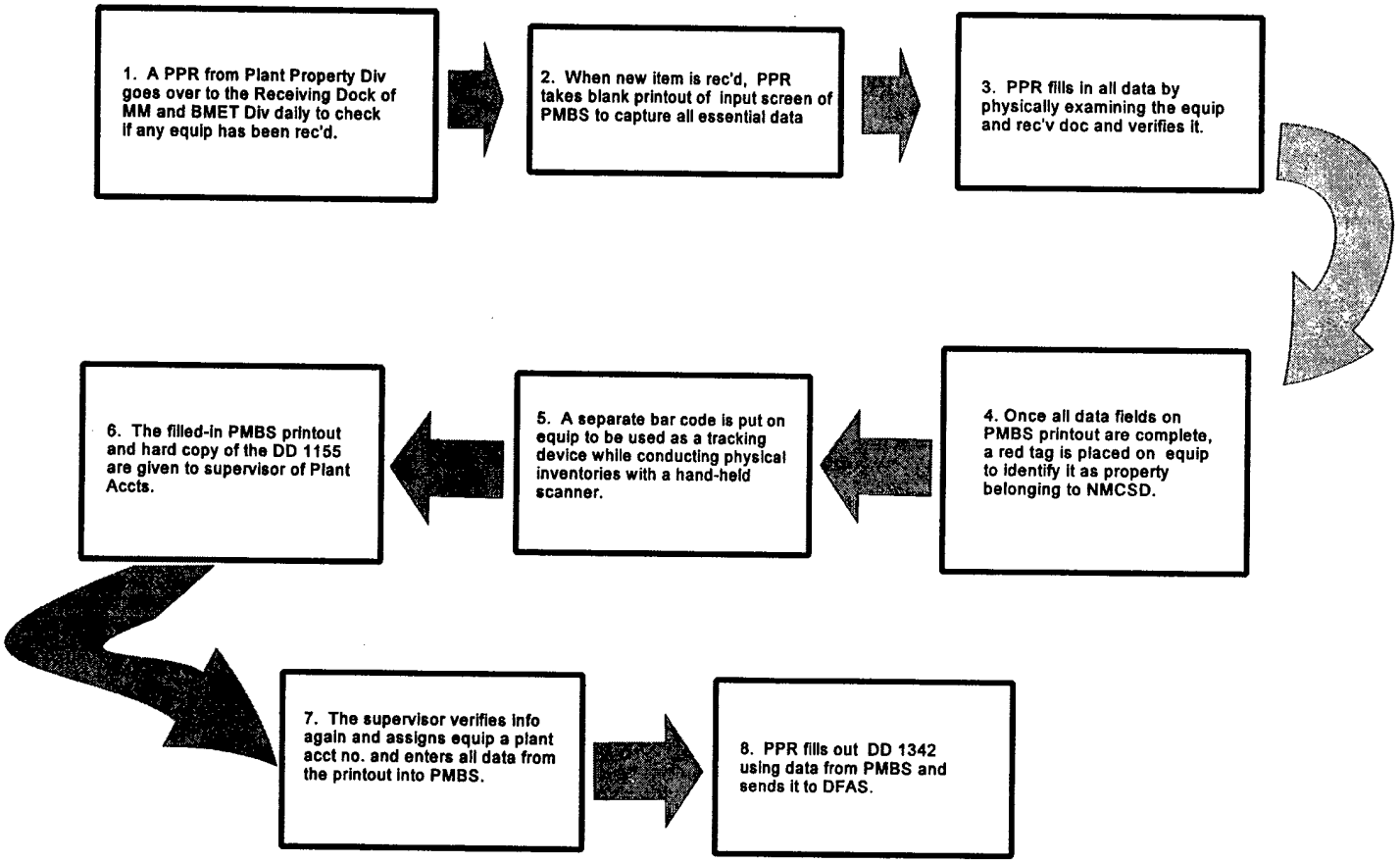

Figure 3.1

Flow Diagram for Receipt of Plant Property Procedures for NMCSD

8. The PPR fills out a DD 1342 using data from PMBS and sends to DFAS. [Ref. 14].

b. Disposal of Property Procedures

The following steps are used by NMCSD to process plant property disposals culminating when documents are sent to DFAS. Refer to Figure 3.2 for the Flow Diagram for Disposal of Plant Property for NMCSD.

1. Individual medical departments initiated; a representative from the department fills out a Requisition and Invoice/Shipping Document (DD 1149) for all equipment the department wishes to turn in. If equipment has been lost or stolen, a separate Report of Survey (DD 200) must be filled out. Regardless of whether items are being designated as turned in, lost or stolen, the Department Heads must sign the documents. Refer to Figure 2.2 for an example of a DD 1149 used as a turn-in document by NMCSD.

2. Documents are sent to Disposal Section for disposition.

3. Disposal supervisor determines if equipment will be picked-up (large items) by Disposal Section or if item will be delivered to Disposal Section by initiating department.

4. A determination of whether or not the equipment is plant property is made by scanning the equipment's bar code and looking it up in PMBS. If PPE, a DD 1348-1 is filled out by a representative from Disposal Section designating where item is going.

5. The item is brought to the Disposal Section by department personnel or is picked up by Disposal Section representatives. Once equipment is on-site in Disposal Section, Disposal section determines the status of equipment.

a. If item is *medical* equipment, a Biomedical Repair representative must determine condition code of equipment. Biomedical Repair personnel are located in a different building, come to condition code equipment. Note if equipment has a condition code of A7 or similar codes, the item must be reported to Naval Medical Logistics Command (NAVMEDLOGCOM) as excess and be put into holding status for 90 days or released from NAVMEDLOGCOM prior to going to DRMO. The 90 day holding periods allows other commands to review excess equipment list from NAVMEDLOGCOM and select items they wish to have transferred to their command.

b. If equipment is *non-medical*, the Disposal Supervisor determines disposition. Items are usually sent directly to DRMO.

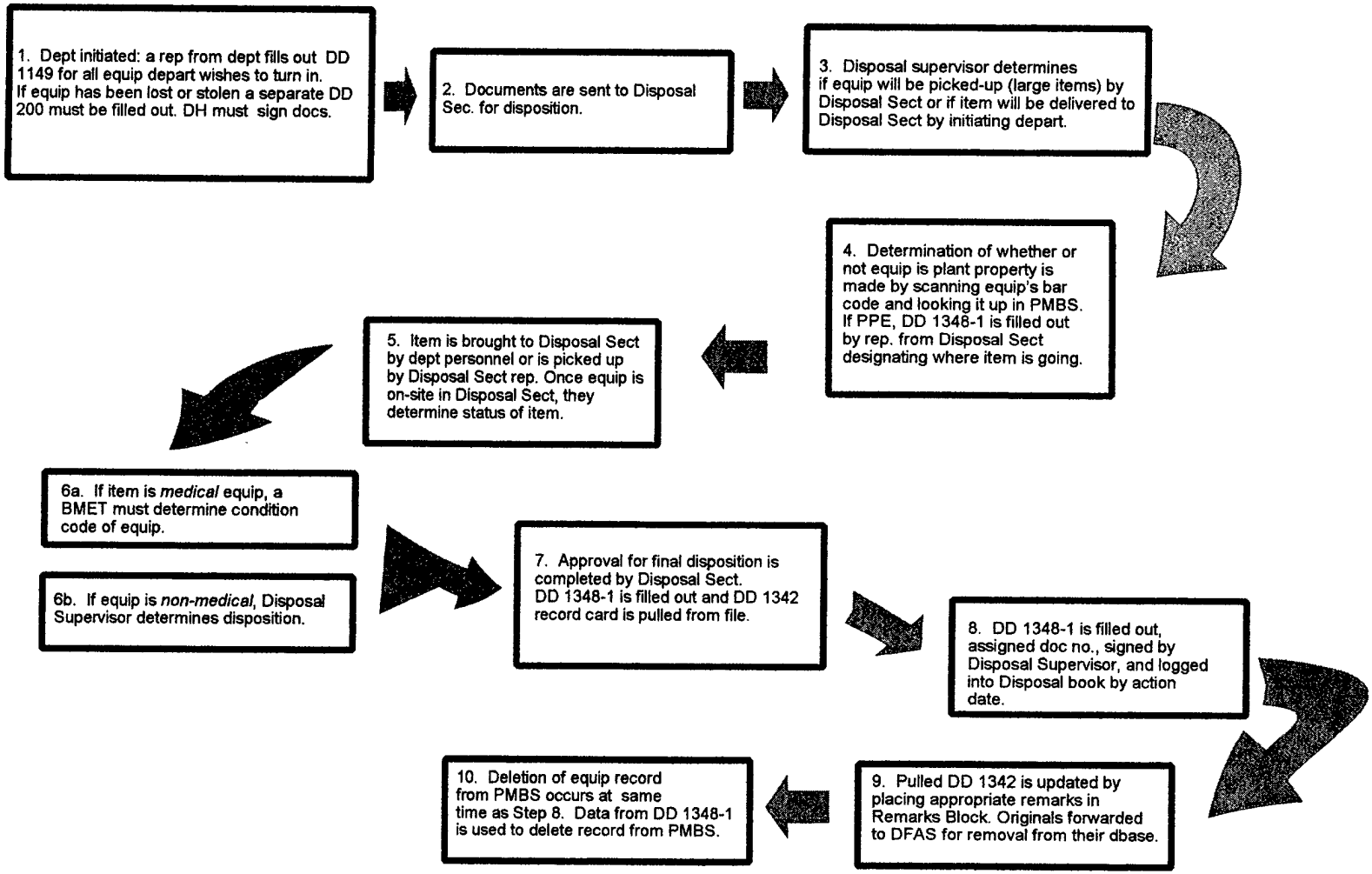

Figure 3.2

Flow Diagram for Disposal of Plant Property Procedures for NMCSD

6. Approval for final disposition is completed by Disposal Section. A DD 1348-1 is filled out and plant property record card is pulled from file.

7. DD 1348-1 is filled out, assigned a document number, signed by the Disposal Supervisor, and logged into the Disposal book by action date.

8. Pulled DD 1342 is updated by placing appropriate remarks in the Remarks Block, i.e., Property sent to DRMO. Original DD 1342 and DD 1348-1 are forwarded to DFAS for removal from their database.

9. Deletion of equipment record from the PMBS occurs at the same time as step 8. Data from DD 1348-1 is used to delete record from PMBS. [Ref. 14]

c. Acquisition Data for NMCSD

Figure 3.3 compares PMBS and PPAS total dollar value of NMCSD's PPE. It shows a total dollar value of $42,372,496 on NMCSD's PMBS and $38,363,365 on DFAS's PPAS, a difference of $4,009,131. Thus, NMCSD overstated their PPE, as compared to DFAS's PPAS, by 10.45%.

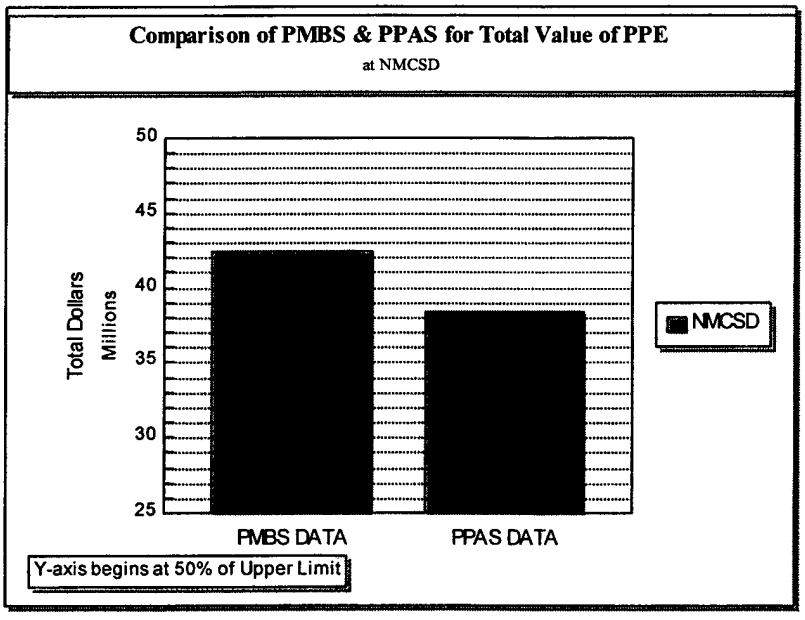

Figure 3.3

Figure 3.4 compares PMBS' and PPAS' total number of line items for NMCSD's PPE as of June 1996. It shows a total of 460 line items on PMBS and 435 on PPAS. Therefore, NMCSD has overstated the total number of line items of PPE by 5.75%.

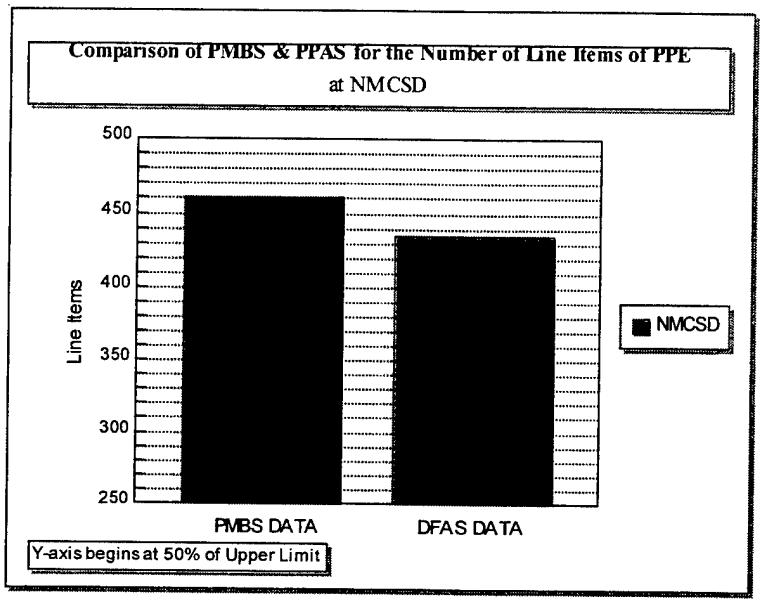

Figure 3.4

2. Naval Hospital Camp Pendleton (NHCP)

a. Receipt of Property Procedures

The following steps are used by NHCP to process receipt of plant property ending when documents are sent to DFAS. Refer to Figure 3.5 for the Flow Diagram of Receipt of Plant Property Procedures for NHCP.

1. Receiving Dock personnel receive property and assume accountability at Material Management Receiving Dock. Representatives from Biomedical Repair and Plant Accounts are notified that a piece of property has been received on the Receiving Dock.

2. a. If item is *medical equipment*, property is then sent to Biomedical Repair for inspection and operational check. b. If item is *non-medical equipment* a PPR waits until equipment is installed prior to affixing tags or assigning plant property numbers.

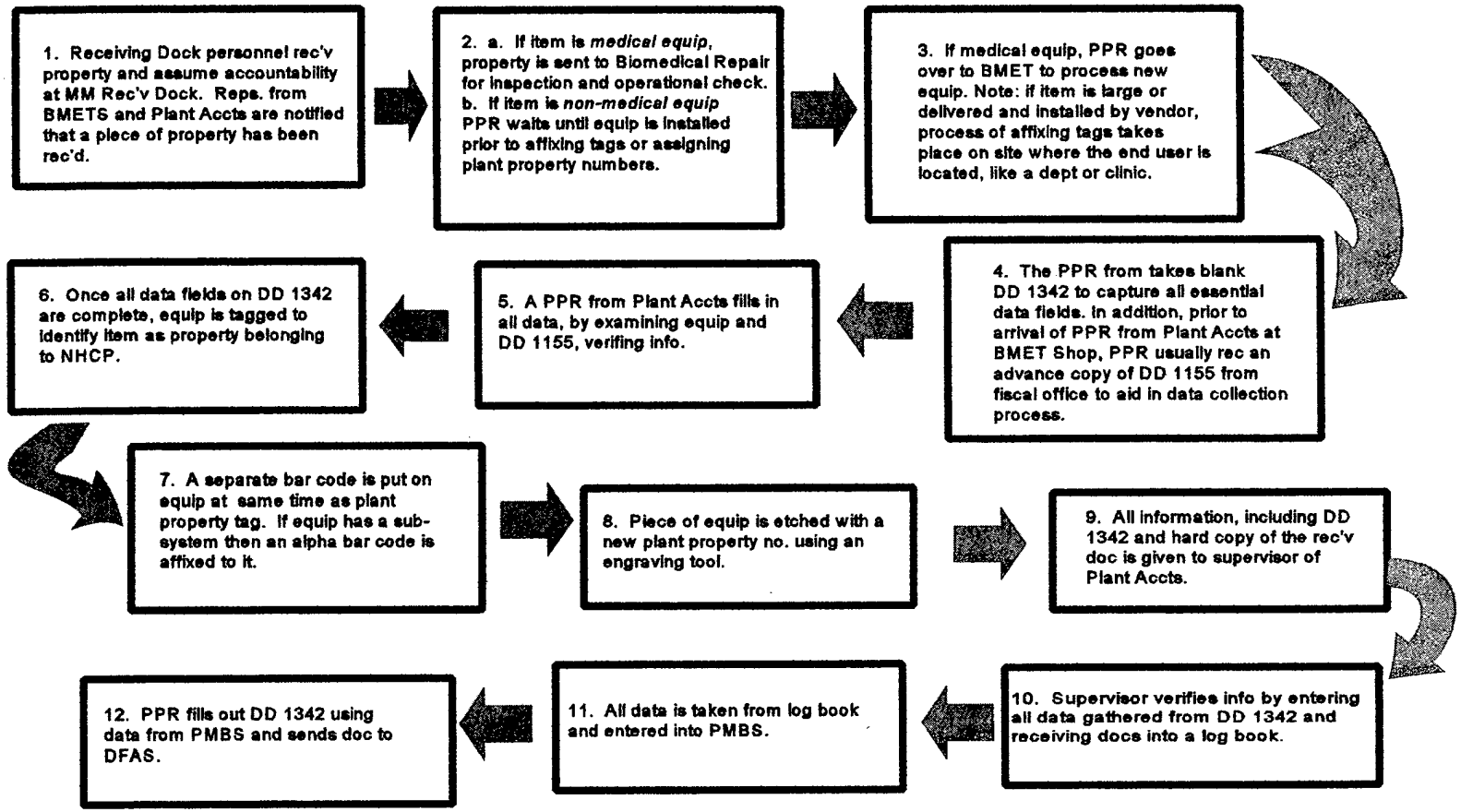

Figure 3.5

Flow Diagram for Receipt of Plant Property Procedures for NHCP

3. If medical equipment, PPR goes over to Biomedical Repair to process new equipment. Note. If item is large or delivered and installed by vendor then the process of affixing tags takes place on site where the end user is located, i.e., department or clinic.

4. The PPR takes a blank DD 1342 to capture all essential data fields. In addition, prior to the arrival of the PPR from Plant Accounts at Biomedical Repair Shop PPR usually receive an advance copy of the DD 1155 from the fiscal office to aid in the data collection process.

5. A PPR from Plant Accounts then fills in all data by examining the equipment and DD 1155 and verifies it. Examples of data elements filled out by representative: manufacturer, serial number, model number, purchase order number, and acquisition price.

6. Once all data fields on DD 1342 are complete, equipment is tagged to identify item as property belonging to Naval Hospital Camp Pendleton.

7. A separate bar code is also put on the equipment at the same time as the plant property tag to be used as secondary tracking device for NHCP. If equipment has a sub-system then an alpha bar code is affixed to it. For example on an x-ray unit, the control panel would be marked with a plant property number and an alpha character would be added to a sub-system such as the tube head.

8. Piece of equipment is etched, using an engraving tool. with new plant property number.

9. All information, including the DD 1342 and the hard copy of the receiving document is given to supervisor of Plant Accounts.

10. Supervisor verifies information by entering all data gathered from DD 1342 and receiving documents into a log book.

11. All data is taken from the log book and entered into PMBS.

12. PPR fills out a DD 1342 using data from PMBS and sends the document to DFAS. [Ref. 15]

b. Disposal of Property Procedures

The following steps are used by NHCP to process plant property disposals acuminating when documents are sent to DFAS. Refer to Figure 3.6 for the Flow Diagram for Disposal of Plant Property for NHCP.

1. Departments initiate; a representative from the department fills out a NHCP 200 for all equipment the department wishes to turn in. If equipment has been lost or stolen, a separate Report of Survey (DD 200) must be filled out. Regardless if the item being turned in, is lost or stolen, the Department Head must sign the document.

2. If the item is *medical* equipment, the department representative brings the item down to Biomedical Repair shop for condition coding. If *non-medical* equipment, item is brought directly to warehouse by supply personnel.

3. A DD 1348-6 is filled in by supply personnel and a copy is forwarded to the Plant Accounts section.

4. The PPR assigns a document number to the 1348-6. A document number is a standard number used on supply forms that indicates the Unit Identification Code (UIC).

5. The Plant Accounts representative make final disposition of the item by taking DD 1348-6, NHCP 200A, a photo copy of the DD 1342, and logs all information into a control log book.

6. Forms DD 1342, DD 1348-6 and NHCP 200 are sent to DFAS for deletion off their PPAS data base.

7. Deletion of equipment record from the PMBS is completed by data from DD 1348-1 and NHCP 200. [Ref. 15]

c. Acquisition Data for NHCP

Figure 3.7 compares PMBS' and PPAS' total dollar value of NHCP's PPE. It shows a total dollar value of $15,263,797 on NHCP's PMBS and $16,233,884 on DFAS's PPAS, a difference of $970,087. Thus, NHCP understated their PPE compared to DFAS's PPAS by 5.97%.

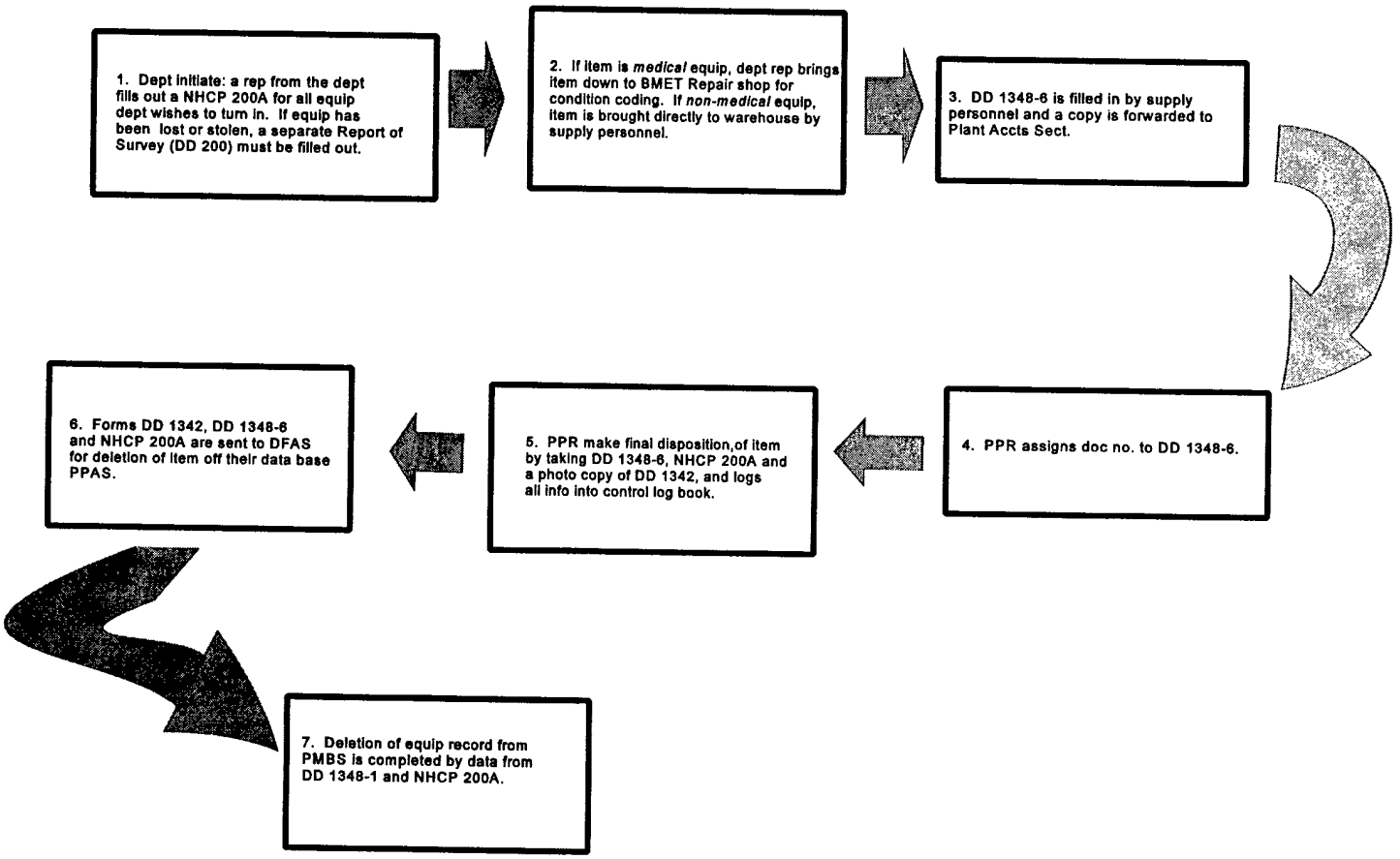

Figure 3.6

Flow Diagram for Disposal of Plant Property Procedures for NHCP

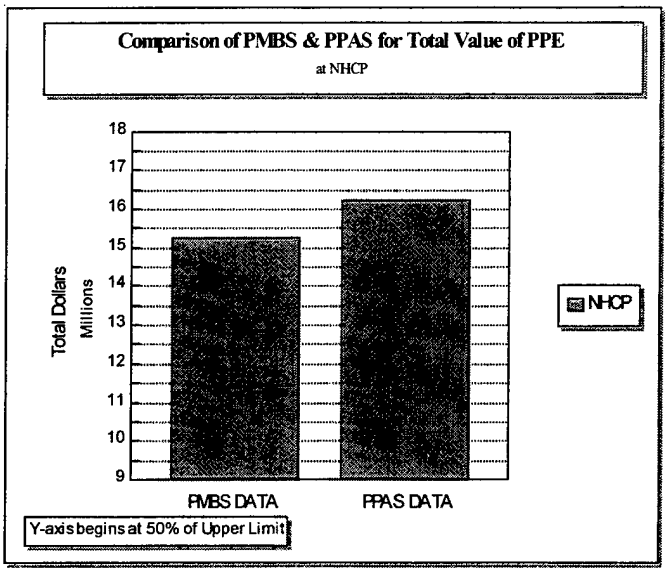

Figure 3.7

Figure 3.8. compares PMBS and PPAS total number of line items of NHCP's PPE as of June 1996. PMBS shows a total of 638 line items while DFAS's PPAS shows 589, a discrepancy of 49 line items. Therefore, NHCP is overstated in the total number of line items of PPE by 8.3%.

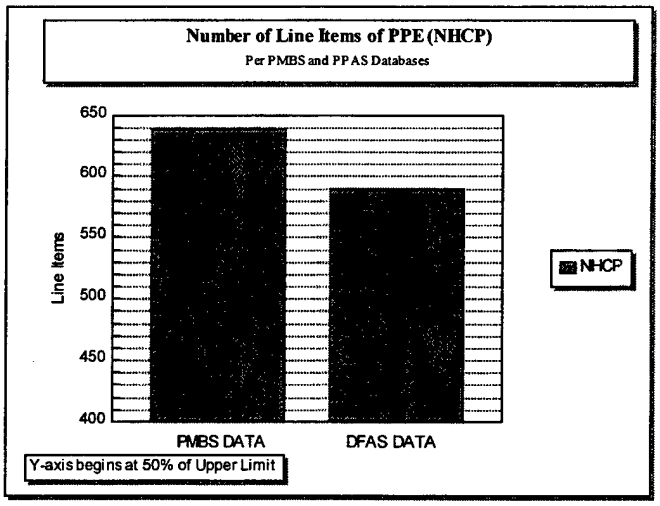

Figure 3.8

3. Naval Hospital Twenty Nine Palms (NHTP)

a. Receipt of Property Procedures

The following steps are used by NHTP to process receipt of plant property ending when documents are sent to DFAS. Refer to Figure 3.9 for the Flow Diagram of Receipt of Plant Property Procedures for NHTP.

1. The Material Management Receiving Dock personnel receives property and assumes accountability of the item (Using documents such as DD 1348-6 or DD 1155). Receiving Dock personnel check for basic verifications: Accounting number matches shipping documentation, number of items shipped is the same as number ordered, inspect package for damage, determine final location of property or who property's end the user is going to be.

2. If the item is *medical* equipment, then property is sent to Biomedical Repair for inspection and operational check. If item is *non-medical* equipment, then PPR waits until equipment is installed at the end user location prior to processing item.

3. If item is medical equipment, PPR goes over to Biomedical Repair to process equipment. If the item is large or is installed by vendor, sometimes tagging takes place on site where the end user is located, like a department or clinic.

4. The PPR from Plant Accounts takes a blank Custody Card (NHTP 6700-14) to capture all essential data fields.

5. The PPR from Plant Accounts fills in all data by examining the equipment and the receiving document and verifies it. Examples of data elements filled out by the representative: manufacturer, serial number, model number, purchase order number and acquisition price.

6. Once all data fields of the NHTP 6700-14 are complete, a tag is used to identify equipment as property belonging to Naval Hospital Twenty Nine Palms. NHTP 6700-14 is signed by final recipient, i.e., department head or leading petty officer.

7. A separate bar code is put on the equipment to be used as a tracking device while conducting physical inventories with a hand-held scanner.

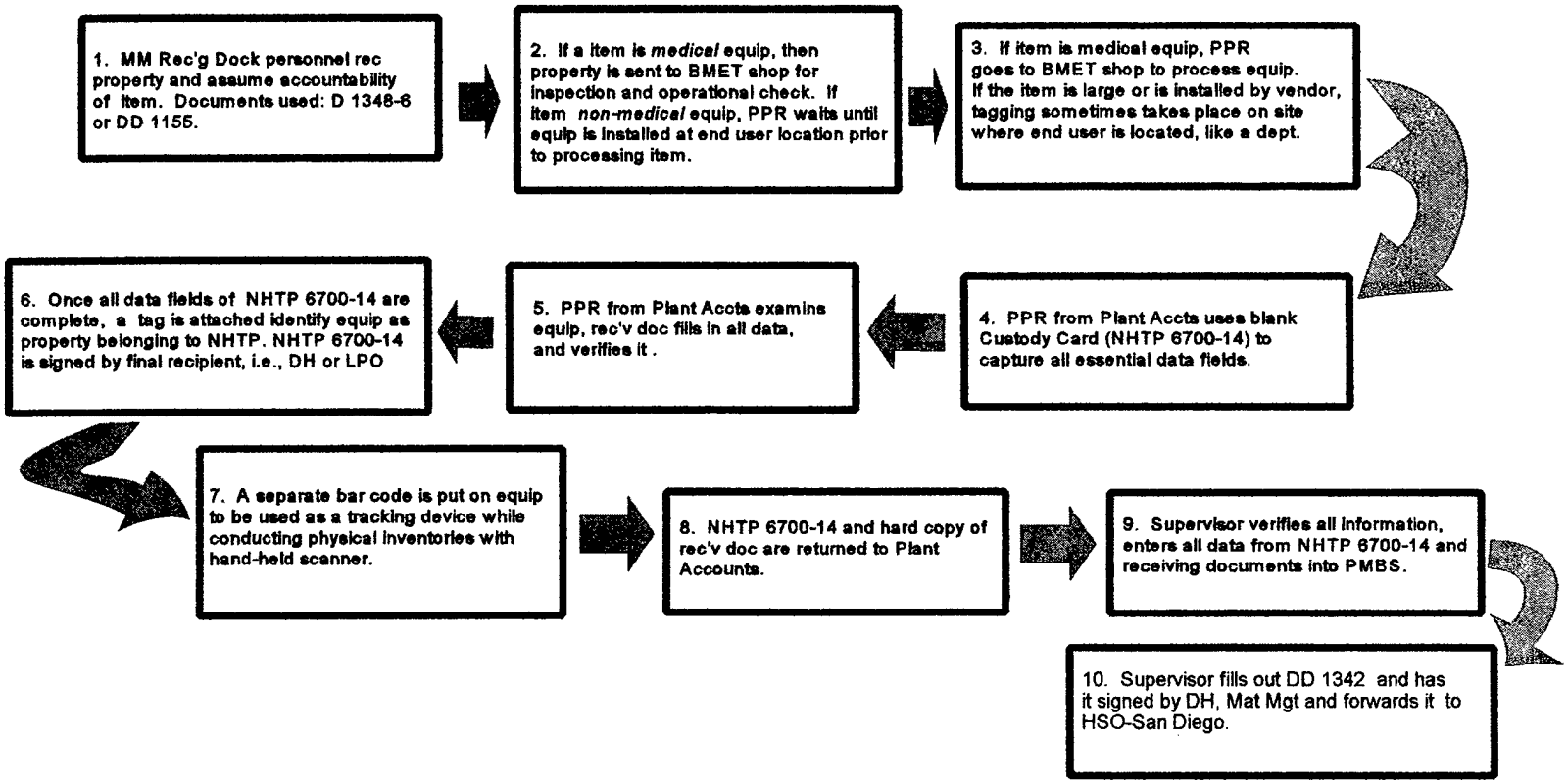

Figure 3.9

Flow Diagram for Receipt of Plant Property Procedures for NHTP

8. The NHTP 6700-14 and the hard copy of the receiving document are returned to Plant Accounts.

9. The supervisor verifies all information and enters all data from NHTP 6700-14 and receiving documents into PMBS.

10. The Supervisor fills out DD 1342 and has it signed by Head Department, Material Management and forwards to Health Support Office-San Diego. [Ref. 16]

b. Disposal of Property Procedures

The following steps are used by NHTP to process plant property disposals culminating when documents are sent to DFAS. Refer to Figure 3.10 for the Flow Diagram for Disposal of Plant Property for NHTP.

1. Departments initiate; a representative from the department fills out a NHTP 200 for all equipment turn-ins.

2. If item is *medical* equipment, the department representative brings item down to Biomedical Repair shop for condition coding. If *non-medical* equipment, the item is brought directly to warehouse.

3. NHTP 200 is approved for final disposition by DH, Material Management and Director for Administration (DFA).

4. The PPR fills out DD 1348-1 and assigns it a document number.

5. The PPR makes final disposition of the item by taking DD 1348-1 and NHTP 200, and logs data into a control log book.

6. DD 1348-1 and NHTP 200 forms are filed in document number order in a hanging file in the Plant Accounts office. Once property is sent to DRMO, paperwork is forwarded to DFAS for deletion of item off their data base system.

7. Deletion of equipment record from the PMBS is completed using data from DD 1348-1 and NHTP 200. [Ref. 16]

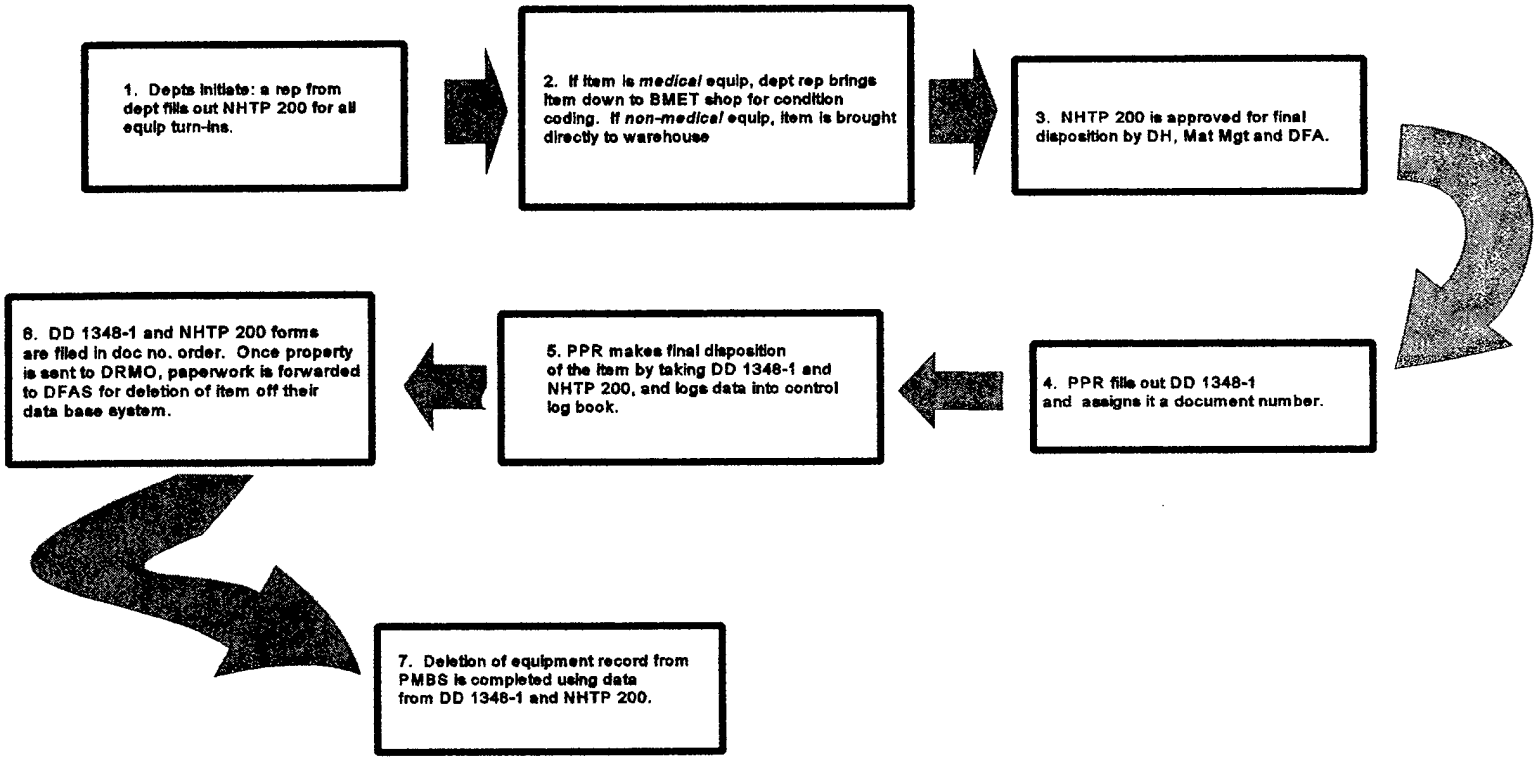

Figure 3.10

Flow Diagram for Disposal of Plant Property Procedures for NHTP

c. *Acquisition Data for NHTP*

Figure 3.11 compares PMBS' and PPAS' total dollar value of PPE. A total dollar value of $2,482,140 is indicated on NHTP's PMBS and $2,789,359 on DFAS's PPAS, a difference of $307,219. Thus, NHCP understates their PPE as compared to DFAS's PPAS by 11.01%.

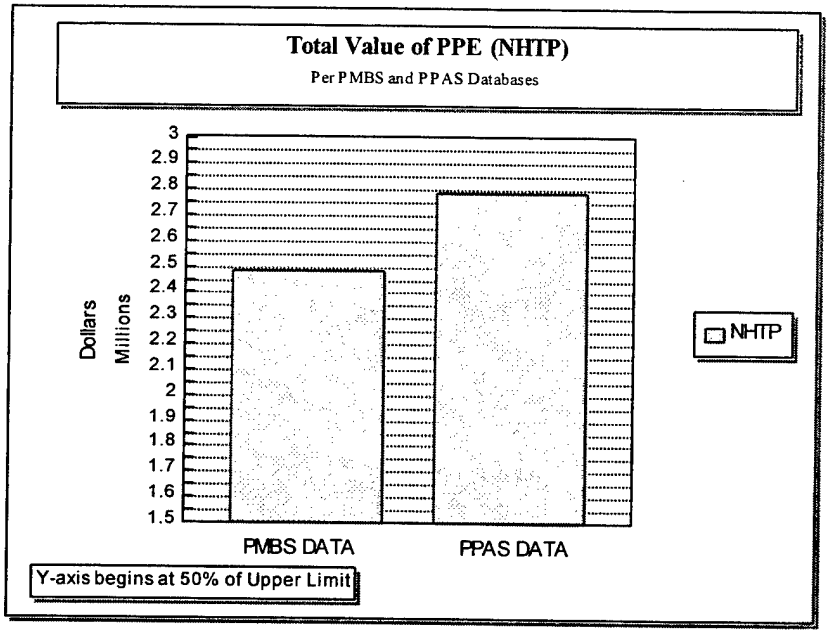

Figure 3.11

Figure 3.12 compares PMBS' and PPAS' total number of line items of NHCP's PPE as of June 1996. PMBS shows a total 33 line items while DFAS's PPAS indicates 40, a difference of 7. Therefore, NHCP has understated in the total number of line items of PPE by 17.5%.

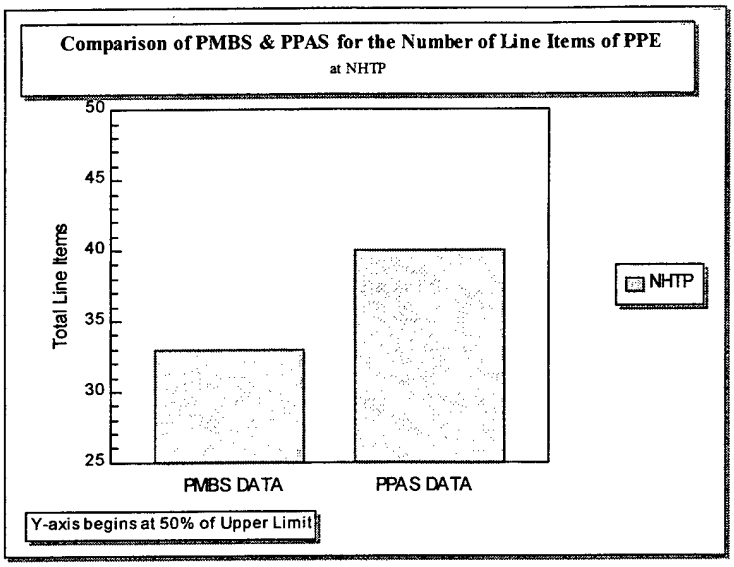

Figure 3.12

4. Comparison Data from NMCSD, NHCP and NHTP

a.. Percentile Comparison of Total Dollars of PPE: PMBS to PPAS

The following summarizes the dollar findings of all three sites investigated; NMCSD, NHCP and NHTP. Figure 3.13 shows the percentage of the total dollar value of PPE each command is currently reporting. Figure 3.13 shows that NMCSD reported that they have 110.45% of PPE as compared to DFAS's PPAS. It shows NHCP reported that they have 94.02% of PPE as compared to DFAS's PPAS and that NHTP reported that they have 88.99% of PPE as compared to DFAS's PPAS. Thus, there is evidence that there are discrepancies between what PPAS records indicate as opposed to each sites' PMBS records.

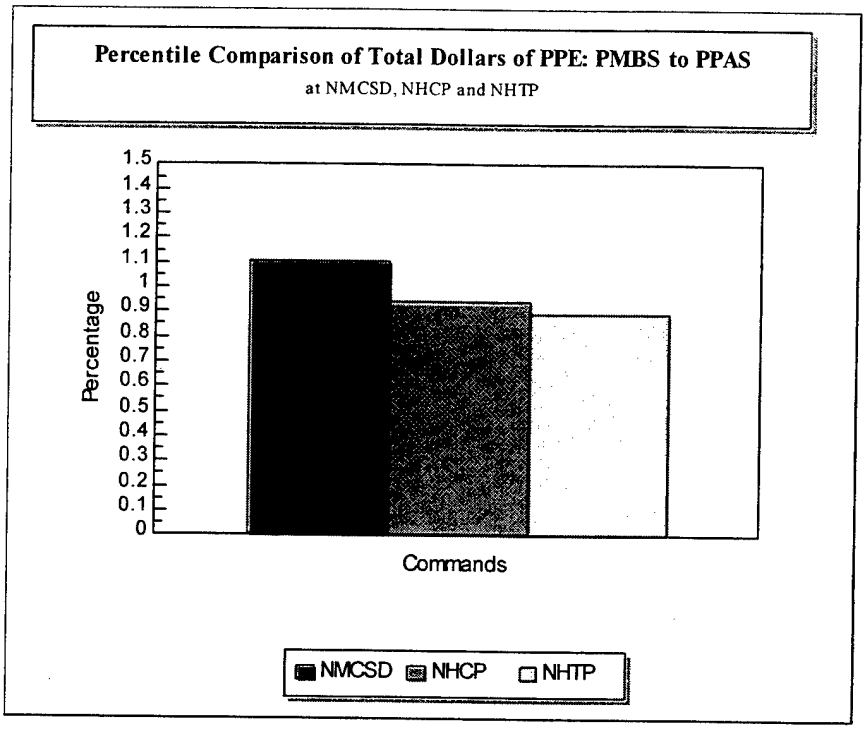

Figure 3.13

b. Percentage of Missing Documents for Line Items of PPE

To summarize the acquisition data, Figure 3.14 shows a percentile comparison of DFAS' PPE documentation for line items not found on each respective command's PMBS. NMCSD shows 15 line items out of 435 were not found on NMCSD's PMBS or 3.45% of missing PPE documentation for the command. NHCP shows 329 line items found out of 589 that were not found PMBS or 55.86% of missing PPE documentation at NHCP. NHTP shows 8 line items out of 40 were not found on NHTP's PMBS, or 20.00% of missing PPE documentation for the command. Thus, it is evident that there are large discrepancies between the three sites examined and PPAS records.

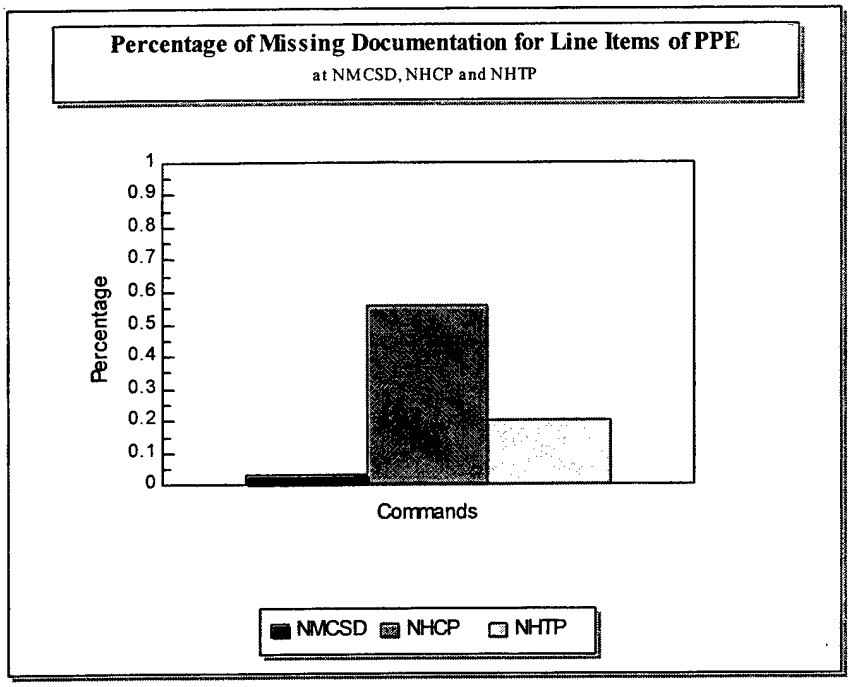

Figure 3.14

This chapter has presented the procedures used at each command to process their PPE, and acquisition cost data to demonstrate the results of inaccuracies in each command's plant property inventory management procedures. Changes recommended to bring commands into compliance and improve accuracy are the subject of Chapter IV.

IV. REVISED PROCESS FOR PLANT PROPERTY INVENTORY MANAGEMENT

Based on the GAO findings and, as supported by the financial discrepancies noted in Chapter III, there are clear indications that the current inventory management process is not working effectively. This chapter analyzes and evaluates the discrepancies found between MTF and DFAS plant property inventories and financial records. It then presents a revised plant property inventory management process to correct, resolve, and prevent future problems. It builds on the best current process, that of NMCSD, and incorporates specific top-quality, effective practices utilized at individual activities, i.e., NHCP's excess equipment turn in form and NHTP's disposal procedures.

A. NECESSITY FOR A REVISED PROCESS

By dissecting and modifying these steps, a revised plant property management process can be developed for all MTF's within Navy medicine. Recall that the basic reason for a revised process are the two laws that were drafted by Congress. Essentially, the laws require updated financial management and reporting operations, and that all activities be in compliance. The revised process presented below incorporates internal controls, quality check points and a standardized format to ensure information accuracy.

B. ANALYSIS OF EACH COMMAND'S ACQUISITION COST DATA

1. Naval Medical Center San Diego (NMCSD)

Figure 3.3 shows that the acquisition cost in PMBS and PPAS are two different values, although the values are supposed to be exactly the same. It shows an overstatement of the total of PMBS' PPE of 10.45% when compared to PPAS.

There are several possible interpretations of the data. One may be that the command may not have been correctly tracking disposal documentation of their plant property. It may also indicate that the command has turned in documents but the OPLOC-San Diego has not yet deleted the plant property record from PPAS. This graph does not depict who is at fault, whether it is the PPR at NMCSD or OPLOC-San Diego plant property clerk.

In Figure 3.4, a clear overstatement of 5.75% is shown in the number of line items of plant property. The overstatement is likely due to poor disposal procedures at either the command or OPLOC-San Diego. However, this overstatement is not as dramatic as the graph shows. The actual dollar amount difference was $218,480 less because NMCSD had six plant property line items that were marked for deletion on their PMBS but which had not yet been deleted from their system. Also, 32 plant property line items, with a value of $4,535,842, were found on PMBS that had not yet been entered into PPAS. Thus, reconciling (adjusting) these errors brings the NMCSD much closer to reconciling their PMBS with DFAS's PPAS.

Another error found in PPAS was equipment valued at $934,228 which was not found on PMBS. It should therefore be subtracted from PPAS. Given the two errors; one from NMCSD for $934,228 and the other from OPLOC-San Diego for $4,535,842, and, subtracting the NMCSD error, there is additional $3,601,614 added to DFAS's PPAS which then changes the total value to $41,964,979. Now, NMCSD is overstated by only $189,037 or 1.0045%. Therefore, documentation and careful execution of specific procedures or revised procedures can radically change the outcome of the data.

Note that these numbers were not actually changed on the official plant property records but all of these changes could be executed if hard copy documentation could be presented to the DFAS OPLOC-San Diego.

2. Naval Hospital Camp Pendleton (NHCP)

Figure 3.7 shows a 5.97% understatement of the total value of plant property at NHCP. This understatement of $970,087, although it is not a sizable error in actual dollars, signals a possible lack of proper disposal procedures at NHCP. The command PPR may not be deleting plant property items when they have, in fact, sent them off for disposal to DRMO. At a minimum, the documentation for disposal (DD 1348-1) is not being sent to DFAS OPLOC-San Diego for official deletion of the plant property record from their PPAS, or OPLOC-San Diego has received the information and has yet to delete line items from their PPAS.

Figure 3.8 displays the gross discrepancies found between the number of line items listed in the two databases, PMBS and PPAS. Unlike the total value of plant property shown in Figure 3.7, this graph shows an overstatement of line items by NHCP as compared to PPAS. It currently shows 638 line items on PMBS as opposed to 589 items on PPAS, a overstatement of 8.3%. Notice that the total dollar value of PPE and the total number of line items were understated, thus errors have occurred in both databases. A large percent of the 49 overstated line items had acquisition costs of only $5000 and, therefore, these items did not make a significant difference in the total plant property value for the command. In fact, because of the low acquisition cost threshold, this actually makes the command look fairly efficient at managing their plant property.

These over and understatements indicate a lack of accurate disposal procedures by the command, or OPLOC-San Diego's inability to delete items from their database or tardiness in deleting items. Reconciliation of PMBS to PPAS is obviously not occurring on a quarterly basis.

3. Naval Hospital Twenty Nine Palms (NHTP)

Figure 3.11 shows a 11.01% difference between NHTP's PMBS' total dollar value and PPAS. This understatement of the total dollars is the largest margin of all three commands interviewed. Note that this command is only three years old, thus, it supposedly started with a reconciled database and, within three years is out of balance by 11.01%. It is obvious that disposal and receipt procedures are not being followed precisely by the numbers. If they were, this command would be in balance with OPLOC-San Diego. A possible cause for this discrepancy is that the PPR is not reporting the turn-in documents such as 1348-1 to the OPLOC-San Diego or OPLOC-San Diego is not deleting plant property records from PPAS. At any rate, this is a significant error ratio for a new command.

Figure 3.12 indicates a discrepancy in the number of actual line items of plant property as listed in the two databases. This margin of error is a 20% understatement in the amount of actual line items of plant property for NHTP. Note that this command has only 33 plant property items and is only three years old. Thus, after three years, they have not kept accurate records nor reconciled with the OPLOC-San Diego. Most likely, the problem has occurred in the disposal side of their plant property inventory management process. PMBS shows that they have 33 items while PPAS shows 40.

Therefore, the command failed to forward DD-1348-1's or OPLOC-San Diego did not delete turned-in items from NHTP. NHTP is responsible for managing only 40 plant property line items as compared to NMCSD 460's and NHCP's 638. Surely, the personnel should be able to track all documentation for 40 line items. This poorly managed operation needs a revised process to assist its management.

4. Analysis of Comparison Data from NMCSD, NHCP and NHTP

a. Percentage of Total Dollars of PPE

Figure 3.13 is the foundation graph and displays the discrepancies of each command's, and current balance of PPE. It shows NMCSD has 110.45% of the total dollars of PPE when comparing PMBS to PPAS, and NHCP and NHTP show 94.02% and 88.99% respectively.

The first column, NMCSD, is overstated in total dollars and in line items of plant property. This indicates that they are not properly conducting their disposal procedures. The remarks column in their database shows document numbers from a DD 1348-1, which indicates items have been sent to DRMO but documentation was not forwarded appropriately.

The second column (NHCP) shows a 94% accuracy, which indicates that they are fairly proficient at plant property inventory management procedures. The 94% is fairly accurate when comparing dollars of plant property of PMBS and PPAS. Recall that NHCP had more than 50% of their plant property line items of missing from PMBS. One must examine total dollars and line items to get an accurate picture of how well a command is executing plant property inventory management procedures.

The third column indicates that, as of June 1996, NHTP can account for 89% of their total dollars of plant property as compared to PPAS. Although this is not poor statistically, the command is only three years old and monitors only 33 plant property items. Therefore this suggests there is a internal control problem with their plant property inventory management process.

In summary, Figure 3.13 shows a wide margin of error between the three commands' total dollars of plant property as compared to the official records of PPAS at the OPLOC-San Diego. The large marginal discrepancies of 20% and 55.86% indicate large degrees of variation in plant property procedures at the three commands. In order to reduce these variations, a revised plant property inventory management process could be used to address these problems

b. Percentage of Missing Documentation of PPE at NMCSD, NHCP and NHTP

Figure 3.14 shows the percentage of missing documentation for PPE per command as a percentage of the total found on PPAS. The first column shows NMCSD missing 3.45% of their PPE documentation when compared to DFAS's PPAS, with the actual number of line items not accounted for as 15 out of 435. This is a strong indicator that plant property inventory management process can be revised to increase accuracy for all BUMED activities. Although the percentage of errors are decreasing, 100% accuracy should be established as the BUMED standard.

The second column shows that NHCP has over 50% of its plant property documentation missing from the PMBS database. This indicates that half of the items presently on the PPAS database no longer exist at NHCP, according to their database. This is evidence of gross violations of plant property inventory management procedures. The data once again indicates that most of NHCP old equipment, worth $5000, was turned into DRMO, but documentation was not completed or forwarded to OPLOC-San Diego. Perhaps the OPLOC-San Diego has received the changes but failed to delete items from PPAS. It is not known if this problem was in existence prior to OPLOC-San Diego taking over the OPLOC-Great Lakes account in the spring of 1995. The threshold of $5,000 indicates that these errors have existed for at a minimum of 5 to 12 years because this threshold was in place for FY-85 through FY-91. Both the extreme number of missing documents (55.86%) and the old threshold of $5,000 indicate a long historical problem with this command's data. Thus, reconciliation of the NC 167 between NHCP and OPLOC-San Diego and Great Lakes has, more likely than not, not occurred for a long period of time. This supports the GAO statement made in Chapter I about DAO-Arlington not reconciling their NC 167 over an 18 month period.

The third column shows that 20% of NHTP plant property records are not in balance with OPLOC-San Diego. This data is troubling because, out of 40 line items of plant property, eight items were not found on the PPAS. This indicates a serious problem with the flow of disposal documentation in a new command, one only three years old. In their defense, six out of eight plant property line items not found on PPAS were vehicles.

Although the NAVCOMPT manual states vehicles are to be entered as plant property, it is poorly stated. Thus, a command may interpret whether vehicles are to be reported as Class 3 or Class 2 plant property. Most likely, because of the confusion, NHTP did not enter these vehicles onto PMBS. It makes NHTP look a bit better, with only two line items not found on PPAS for an overall accuracy percentage of 5%. This is a logical estimation of what may have occurred with the plant property but it still shows inaccurate data on the official finance records at OPLOC-San Diego.

To summarize, Figure 3.14 shows that NMCSD is doing an adequate job of managing their plant property by only missing 3.45% of their PPE. These statistics only indicate that either the documentation necessary for disposal and transfer of PPE is not being completed by the commands or OPLOC-San Diego is not making the appropriate deletion to PPAS. At any rate, NMCSD statistically indicates that their disposal procedures are working but still need revision to have 100% accuracy or zero missing items. Even with perfect procedures, a time lag exists at OPLOC-San Diego, i.e., the time from when a clerk receives disposal documents such as DD 1348-1, enters the data into PPAS, and forwards a new NC 167 to the command. OPLOCS generates a NC 167 on a quarterly basis.

D. ANALYSIS OF EACH COMMAND'S PLANT PROPERTY INVENTORY MANAGEMENT PROCEDURES

This section investigates the plant property inventory management process as discussed in Chapter III. It starts by identifying some of the common steps each command executes, followed by solutions to problems found within steps.

The discussion will be presented in the same order as in previous chapters, receipt of property flow followed by disposal of property flow. A brief discussion on DFAS OPLOC-San Diego interfaces with MTFs is presented together with recommendation for improving this important data transfer. The section will close with a summary of the optimal number of steps for both receipt and disposal of plant property inventory management procedures.

1. Receipt of Property Flow

Receipt of property begins the plant property inventory management process. Refer to the steps described in detail in Chapter III as they are used to establish a clear, concise revised process for use throughout all Navy MTFs.

After examination of all three MTFs receipt of plant property procedures, NMCSD procedures for the receipt of plant property flow is selected as the benchmark to be used for all BUMED activities. As seen in Figure 3.1, NMCSD currently uses eight steps to receive property and to complete the DD 1342 document. The other two commands use twelve and nine steps respectively to complete the same task. Thus, identification of nonessential steps is a key element to developing a revised plant property inventory management process.

As seen in the Receipt of Property flow figures of each command, the first four steps conducted by NHCP and NHTP are almost identical in execution. NMCSD is able to eliminate several steps because their PPR and receiving dock are located in two different locations. They must check for new property daily after Receipt Control personnel have received goods.

Essentially, all commands receive new property at their respective loading docks. In the case of all three commands, each uses a form to gather the essential data elements needed to fill out a DD 1342. However, each command uses a different form to capture the some essential data elements. Therefore, to reduce variation, one form could be used by all commands under BUMED's control to ensure accurate data.

Therefore, the first recommendation for the revised plant property inventory management process is to use one form for all BUMED activities and it should be the PMBS blank screen form. For an example of the PMBS blank screen form refer to Figure 4.1. Note that this is not an officially approved form like the local forms approved and used at NHTP and NHCP. However, use of the PMBS form ensures that all essential data elements are captured at one time while using only one form. When NHCP personnel use their approved DD 1342 they only partially capture the mandatory data requirements of PMBS. Personnel waste valuable time searching for data from various receiving documents in order to fill the all required data fields on PMBS. The same problems arise with NHTP's procedures with their NH29P 6700/14 (refer to Figure 4.2). Although this form has similar data fields to PMBS, it is not structured identically to the input screen of PMBS. Thus, transposition errors and missing data can easily occur. In conclusion, the PMBS screen provides PPR with an exact duplicate of the required data fields for PMBS in the same order as presented by the PMBS program. Therefore, it greatly reduces possible transposition errors and ensures all necessary data is captured the earliest point in time, and can then be accurately entered into PMBS.

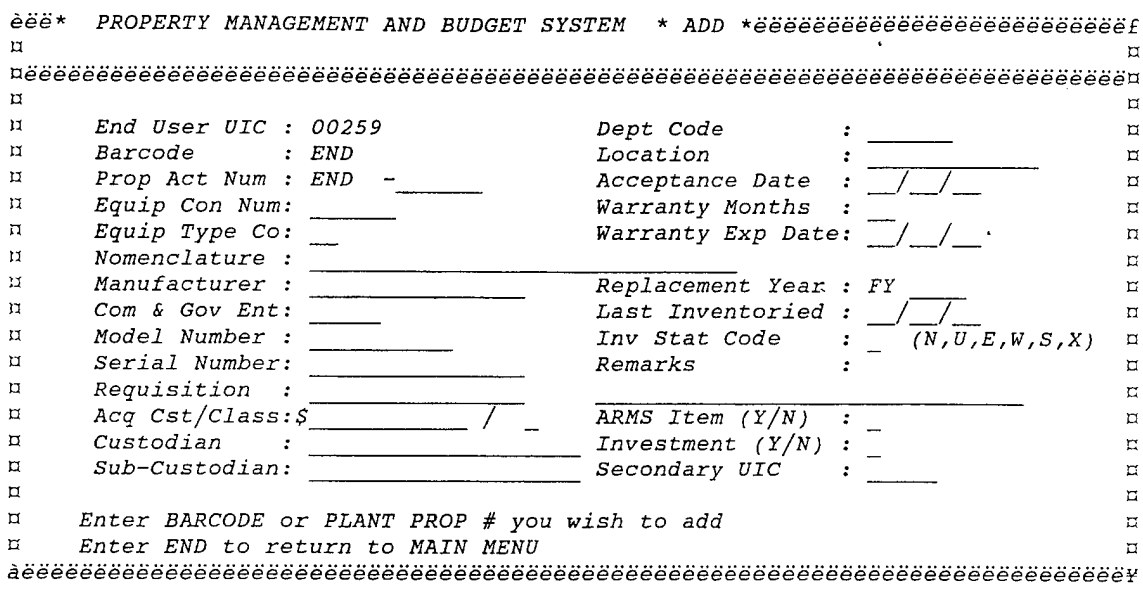
* PROPERTY MANAGEMENT AND BUDGET SYSTEM * ADD *
End User UIC : 00259
Barcode : END
Prop Act Num : END -
Equip Con Num:
Equip Type Co:
Nomenclature :
Manufacturer :
Com & Gov Ent:
Model Number :
Serial Number:
Requisition :
Acq Cst/Class:$ /
Custodian :
Sub-Custodian:
Dept Code :
Location :
Acceptance Date : __/__/__
Warranty Months :
Warranty Exp Date: __/__/__
Replacement Year : FY
Last Inventoried : __/__/__
Inv Stat Code : (N,U,E,W,S,X)
Remarks :
ARMS Item (Y/N) :
Investment (Y/N) :
Secondary UIC :
Enter BARCODE or PLANT PROP # you wish to add
Enter END to return to MAIN MENU

Figure 4.1

EQUIPMENT CHECK-IN

CUSTODY CARD

DEPARTMENT:_____BARCODE:_____

PM NUMBER:_____PLANT ACCOUNT#:MP_____

CLASS KEY/NOMENCLATURE:_____

DESCRIPTION (PLAIN NAME):_____

MODEL NUMBER:_____ SERIAL NUMBER:_____

REQ #:_____ COST:_____ LIFE EX.:____

MANUFACTURE:_____ ETC CODE : ____

VENDOR:_____

==========

CONDITION CODE:_____ CYCLE MONTH:_____

EQUIPMENT CLASSIFICATION:_____

WARRANTY: YES / NO EXPIRATION DATE:_____

CONTRACT: YES / NO EXPIRATION DATE:_____

CONTRACTOR KEY CODE:_____ DATA BASE:_____

CONTRACTOR NAME:_____

REMARKS:_____

==========

MAJOR/MINOR

PURCHASE YEAR:_____ REPLACEMENT YEAR:_____

DATE CUSTODY TRANSFERRED:_____ DATA BASE:_____

TRANSFERRED TO:_____FROM:_____

REASON FOR TRANSFER:_____

RELEASING DEPT. HEADS SIGNATURE:_____

_____ APPROVED / DISAPPROVED

EQUIPMENT MANAGER

==========

I,_____, have assumed custody of the equipment described above. I understand that custody can not be reassigned by anyone except the Commanding Officer or his authorized representative. I also understand that accountability of such equipment shall be in accordance with all instructions and that I may be held accountable for it's loss, damage, or destruction. A new card shall be completed by the Equipment Management Division upon transfer of custody for any reason.

SIGNATURE:_____DATE:_____

NH29P 6700/14 (REV 11-96)

Figure 4.2

Another problem occurs during step five at NMCSD, step seven of NHTP and NHCP. During this step, all equipment is tagged with a bar code. However, notice that the tagging process does not occur at the same time for each command. Additionally, different types of tags are used by each command as well as additional identification tags to mark equipment as belonging to a specific command. NMCSD uses a red tag that says "Plant Property" in addition to a bar code tag. There is no added value nor requirement for the additional tag. In the case of NHCP, they etch all of their PPE in addition to affixing a bar code tag. There is no added value nor requirement to etch plant property numbers on PPE. A plant property number is assigned to PPE and entered into the PMBS and, as long as a command can associate the specific PPE with a number, they have met identification requirements. Therefore, this duplicate tagging step is clearly a waste of time and effort.

Although the tagging process occurs at various steps for each command, only one type of tag should be used for all BUMED activities. One tag to identify one piece of PPE with the use of a separate bar code is all that is necessary in tracking property. Again, the purpose of bar code tags is to enable the PPR to gather data quickly during a physical inventory. To reduce costs, use of one bar code tag to perform the identification function of PPE and as a secondary tracking is recommended. Another suggestion would be to develop one bar code tag with two colors; one for plant property and the other for minor property identification for all BUMED activities. Using a standard bar code throughout BUMED would reduce costs plus decrease time spent affixing multiple tags to each item of PPE and streamline effectiveness in the identification process.

Additionally, the corpsmen and nurses would be less confused as to which tag to search for when completing a physical inventory. Less confusion saves valuable time that can be better spent providing health care to patients rather than on administrative tasks.

Each command enters data into their PMBS at various steps. Elimination of a few of the steps used to get the raw data, which was collected on a hard copy form, into the computer is vital to improve efficiency. As seen in Figure 3.5, NHCP command logs all data from a hard copy of DD 1342 into a separate log prior to entering it into PMBS. This additional step could be eliminated. By entering the raw data into the PMBS directly, a step is eliminated, and time and effort is saved. If a command needs a hard copy report similar to the log book, then the supervisor of plant accounts can run a monthly report of data entered onto PMBS or a "print screen" after all data is entered.

The last step that occurs in the receipt process is the typing and forwarding of the DD 1342 to the DFAS OPLOC-San Diego. Automation of this process would save additional time and decrease the number of errors found on DD 1342s. At NMCSD, the personnel developed a database program that works with data from PMBS and prints a computer-generated DD 1342. The program helps this command eliminate errors and save time by not duplicating efforts.

2. Disposal of Property Flow

Errors in the disposal of property flow are the most likely cause of the discrepancies found in Chapter III. As seen in the Figures 3.4, 3.8 and 3.12, the number of line items is out of balance at every command.

After careful examination of all three MTF's disposal of plant property procedures, NHTP procedures were selected to serve as the benchmark for all BUMED activities. As indicated, a revised plant property inventory management procedure for disposal may fix these line item discrepancies. The following section will include a brief discussion of what steps are common to all three commands followed by a presentation of the needed modifications.

First, all three commands essentially dispose of property using the same number of steps to clear property off their PMBS and to forward DD 1348-1's to DFAS OPLOC-San Diego. Figures 3.2, 3.6, and 3.10 show that each command begins by requiring the department to initiate a request to turn-in excess property. The next step is to get Biomedical Repair to condition code all medical equipment. The steps are similar but may occur in a different order from command to command. Notice that all three commands use different forms such as a NHTP 7200/01, DD 1149, and a NHCP 200A, to capture raw data about the department's property. For an example of these three forms refer to Figure 4.3, 4.4, and 4.5 respectively. The NHCP 200A disposal form is recommended to be standardized throughout all Navy MTFs.

Standardizing is simple and effective, and will assist in reducing errors at the activity level. Training of personnel for disposal procedures will take less time because each command will use the same form and procedures for disposal. Once again, corpsmen and nurses will be able to spend time on the wards providing health care to patients instead wondering how to dispose of property. NHCP 200A (refer to Figure 4.5) is the form that is recommended to be the standard for all BUMED activities.

'NH29PALMS FORM 7720/01 (05-96)

REPORT OF SURVEY

This form is to be used for the purpose of surveying equipment only. It is not intended to be used as an MLSR DD Form 200. All hospital units that have equipment to be surveyed will use this form. If the equipment is missing, lost or stolen, the Operating Management Department may be contacted and the DD Form 200 that covers missing, lost or stolen equipment may be obtained.

1. REPORT OF SURVEY
2. SURVEY NUMBER
3. JULIAN DATE

4. NATIONAL STOCK NO.	5. ITEM DESCRIPTION NOMENCLATURE: MFG: MOD#: SER#: PLANT ACCT/MP#: PM#: BARCODE#:	6. QUANTITY	7. UNIT COST	8.TOTAL COST

9. REASON FOR SURVEY:

THIS EQUIPMENT HAS BEEN CLEANED, SANITIZED AND IS FREE OF ALL CHEMICAL AND BIO-HAZARDOUS WASTE.

DEPARTMENT HEADS SIGNATURE:_____
PRINTED NAME:
GRADE:
TITLE:

MEDICAL EQUIPMENT WILL **NOT** BE ACCEPTED WITHOUT THE ABOVE INFORMATION.

CONDITION CODE _____ BMET'S SIGNATURE_____

10. INDIVIDUAL INITIATING SURVEY

a.TYPED NAME(Last, First,Middle Initial	b. Signature	c. DATE SIGNED	e. DSN NUMBER

11. RESPONSIBLE OFFICER

a.ORGANIZATIONAL ADDRESS (COMPLETE)	b. TYPED NAME (Last,first,middle Initial)	c. DSN NUMBER
	d. SIGNATURE	e. DATE SIGNED

12. ACCOUNTABLE OFFICER

a. ORGANIZATIONAL ADDRESS (COMPLETE)	b. TYPED NAME (Last,First, Middle Initial	c. DSN NUMBER
	d. SIGNATURE	e. DATE SIGNED

13. APPROVING OFFICIAL

APPROVED	a. COMMENTS	
DISAPPROVED		

b. ORGANIZATIONAL ADDRESS (COMPLETE)	c. TYPED NAME (Last, First, Middle initial)	d. DSN NUMBER
	e. SIGNATURE	f. DATE SIGNED

Figure 4.3

REQUISITION AND INVOICE / SHIPPING DOCUMENT

Form Approved
OMB No. 0704-0246

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO EITHER OF THESE ADDRESSES. RETURN COMPLETED FORM TO THE ADDRESS IN ITEM 2

1. FROM: *(Include ZIP Code)*

Diagnostic Division, Radiology Department, Bldg. 1-2
P.O.C. is HM1 (SW)/(FMF) Cranston at 2-7453.

2. TO: *(Include ZIP Code)*

Head, Property Disposal, NAVMEDCEN. San Diego, CA. 92134-5000

3. SHIP TO - MARK FOR

Survey, Equipment has exceeded life.

SHEET NO.	NO. OF SHEETS	5. REQUISITION DATE	6. REQUISITION NUMBER
		04NOV96	

7. DATE MATERIAL REQUIRED *(YYMMDD)* | 8. PRIORITY

9. AUTHORITY OR PURPOSE: Chairman, Radiology Department

10. SIGNATURE: W.E. Goff II CAPT,MC,USN | 11a. VOUCHER NUMBER & DATE *(YYMMDD)*

12. DATE SHIPPED *(YYMMDD)* | b.

13. MODE OF SHIPMENT | 14. BILL OF LADING NUMBER

15. AIR MOVEMENT DESIGNATOR OR PORT REFERENCE NO

4. APPROPRIATIONS SYMBOL AND SUBHEAD	OBJECT CLASS	EXPENDITURE ACCOUNT (From)	EXPENDITURE ACCOUNT (To)	CHARGEABLE ACTIVITY	BUREAU CONTROL ACTIVITY NO.	BUREAU CONTROL NO.	AMOUNT

ITEM NO. (a)	FEDERAL STOCK NUMBER, DESCRIPTION, AND CODING OF MATERIEL AND/OR SERVICES				UNIT OF ISSUE (c)	QUANTITY REQUESTED (d)	SUPPLY ACTION (e)	TYPE CONTAINER (f)	CONTAINER NOS. (g)	UNIT PRICE (h)	TOTAL COST (i)
	Unit	BCN	Plant Property #	Serial #							
01	Orbitor C-Arm	4530	A1000635	07170388	unit					$48,560.00	$48,560.00
02	Orbitor C-Arm	9466	04003752	07170451	unit					$48,560.00	$48,560.00
03	Orbitor C-Arm	10108	A0010434	07170450	unit					$48,560.00	$48,560.00
04	C-Arm Monitor	9464	04000721	717940002	unit					$6,400.00	$6,400.00
05	Digistore 50 Monitor		88-0571-J	188797WK5	unit					$7,000.00	$7,000.00
06	Digistore 50 Monitor		04009342	188341WK2	unit					$70000.00	$7,000.00
										Total Cost:	$166,080.00

16. TRANSPORTATION VIA MATS OR MSTS CHARGEABLE TO | 17. SPECIAL HANDLING

18. RECEIPT OF SHIPMENT / RECAPITULATION	ISSUED BY	TOTAL CONTAINERS	TYPE CONTAINER	DESCRIPTION	TOTAL WEIGHT	TOTAL CUBE
	CHECKED BY					
	PACKED BY					
				← TOTAL →		

19. RECEIPT				
	CONTAINERS RECEIVED EXCEPT AS NOTED	DATE *(YYMMDD)*	BY	SHEET TOTAL
	QUANTITIES RECEIVED EXCEPT AS NOTED	DATE *(YYMMDD)*	BY	GRAND TOTAL
	POSTED	DATE *(YYMMDD)*	BY	20. RECEIVER'S VOUCHER NO.

DD Form 1149, JAN 93

51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

PREVIOUS EDITION IS OBSOLETE

S/N 0102-LF-015-8500

3

Figure 4.4

EQUIPMENT/MATERIEL TURN-IN FORM

97-025
Control#

FROM: HQ BMC (Department) #74 (Account#) NOT

TO: EQUIPMENT MGT DIVISION, NAVHOSP, CAMPEN, CODE 01H

SUBJ: EQUIPMENT/MATERIAL TURN-IN

1. This form can be utilized for the turn-in of any broken, worn out, serviceable, or repairable equipment or medical furniture.
2. A separate form will accompany each piece of equipment and only ten (10) items will be accepted from each department in any two-week period.
3. Medical items must be taken to Bio-Medical Repair shop for condition coding before they are brought to the Equipment Warehouse. Always take two (2) copies of this form in the event Bio-Med keeps the equipment. Leave the original with the equipment and have Bio-Med sign the copy, send a copy of this to the Equipment Warehouse which relieves you of custody.
4. All EDM (computer related) equipment is also turned in to the Equipment Warehouse.
5. All items must have a statement of operating condition. Circle what applies:
   Works excellent, Works good, Works poor, Does not work, Broken, Damaged, Missing parts, Obsolete, Replaced by newer item, Excess.

FILE COPY

NOMENCLATURE: PERSONAL RADIO CHARGER **MFR:** GE

SERIAL#: 19B80150 78 **MOD#:** 0787 **COST:** UNK.

PLANT ACCT#: M68094 0008 **PM#:** N/A
(COMPLETE #, I.E., 68094-MD1111)

Signature of releasing department: Gretchen L. Wofford Date: 16OCT96
Accountable/Responsible Petty Officer

Inspected by Bio-Med Repair, Code:____Tech's signature:_____Date:_____

✓ Turn into DRMO through Materiel Management Department.
___ Hold as excess pending disposition instructions.
___ Turned over to MID

Received by Equipment Warehouse: _____ Date: 18OCT96

Received by Supply Warehouse/MID: _____ Date: 5 Nov 96

~~Assistant~~/Equipment Manager: _____ Date: 22 OCT 96

NAVHOSP FORM200A/ EQUIPMENT TURN-IN (REV 9/96)

Figure 4.5

It briefly explains what the customer or clerk is supposed to do and how to capture all the necessary and essential data. To save time for the department corpsman, a continuation sheet could be authorized for turn in of multiply items of the same nomenclature.

Secondly, additional steps can be removed because of duplicated efforts by the PPR. In Figure 3.6, Steps 3,4 and 5 at NHCP need to be modified to help reduce errors in the document flow process. In Figure 3.10, Step 3 of the of NHTP disposals are approved by both the Department Head, Material Management and then the Director for Administration. The elimination of signatures by the Department Head, Material Management and Director for Administration is simply a question of delegation of authority. Each command could determine who is authorized to dispose of plant property. NHTP spends valuable senior administrators time to get signatures that can be delegated to clerks. In the case of NHTP, this task should be delegated to the GS-5 is who responsible for all property in the command.

In Steps 3, 4, and 6 of NHCP Disposal procedures, they have a structural problem by using Receiving Dock personnel to pick and fill out DD 1348-1s. NHCP is adding more people and an additional step into the disposal process. It is important to reduce steps to save time and improve efficiency. Thus, the PPR could be made responsible for initiating DD 1348-1. When extra people are added to the process you can loose data when too many steps are required.

3. DFAS OPLOC-San Diego Receipt of DD-1342s

At OPLOC-San Diego, they receive DD 1342s from commands in two ways; either by memorandum with DD 1342 or unaccompanied DD 1342.

To improve data entry, all activities should send a short memorandum with the DD 1342 explaining what action is to be taken by OPLOC.

Standardizing the types of documents sent to the OPLOC ensures that all necessary and essential data is delivered on documents sent to the OPLOC. By sending a memo along with the DD 1342, the DFAS clerk does not waste time wondering what action should be taken nor backtracking to capture data that may not have been sent to the OPLOC. One standard memo with a basic instruction from the command, together with a DD 1342, will ensure accurate transfer of raw data from DD 1342 to the PPAS in a timely manner.

DFAS clerks stamp 'other acquisition' on DD 1342s prior to entering raw data from the DD 1342 into the PPAS. It is recommended that a standard stamp indicating that the data has been entered into PPAS and the date data was entered into PPAS be noted on the DD 1342. This modification can be used as a quality control check for both the DFAS clerk and for activities using PMBS.

These basic steps to improve standardization of required documents and data elements will decrease the time the DFAS clerk spends in backtracking to capture data for the PPAS. Time saved in backtracking can be used to keep current and accurate data in the commands the DFAS OPLOC currently serve.

E. RECOMMENDED REVISED PLANT PROPERTY INVENTORY MANAGEMENT PROCESS

1. Receipt of Plant Property Flow

NMCSD procedures for the receipt of plant property flow is recommended to serve as the benchmark for all BUMED activities (refer to Revised Flow Diagram for Receipt of Plant Property for BUMED MTFs, Figure 4.6). To support this recommendation, remember that the other commands used more steps to accomplish the same task of entering data into PMBS and completing the DD 1342 document (refer to Figures 3.5 and 3.9). Regarding documentation, the PMBS input screen is recommended to used by all BUMED activities because it requires the raw data to presented in the exact fashion as PMBS. For an example of the PMBS input screen refer to Figure 4.1. The third recommendation is to modified the use of tags and bar codes to identify PPE. One standard bar code tag is recommended to be used by all BUMED activities. There is no added value for duplicate tags. Develop two different color bar code tags: one color for plant property and another for minor property. For an example of computer generated DD 1342s, refer to Figure 2.2.

2. Disposal of Plant Property Flow

After examination of all three MTFs' disposal of plant property procedures, NHTP procedures is recommended to serve as the benchmark used for all BUMED activities (refer to the Revised Flow Diagram for Disposal of Plant Property for BUMED MTFs, Figure 4.7). A modification to the NHCP 200A is suggested as the standard BUMED form (refer to Figure 4.5).

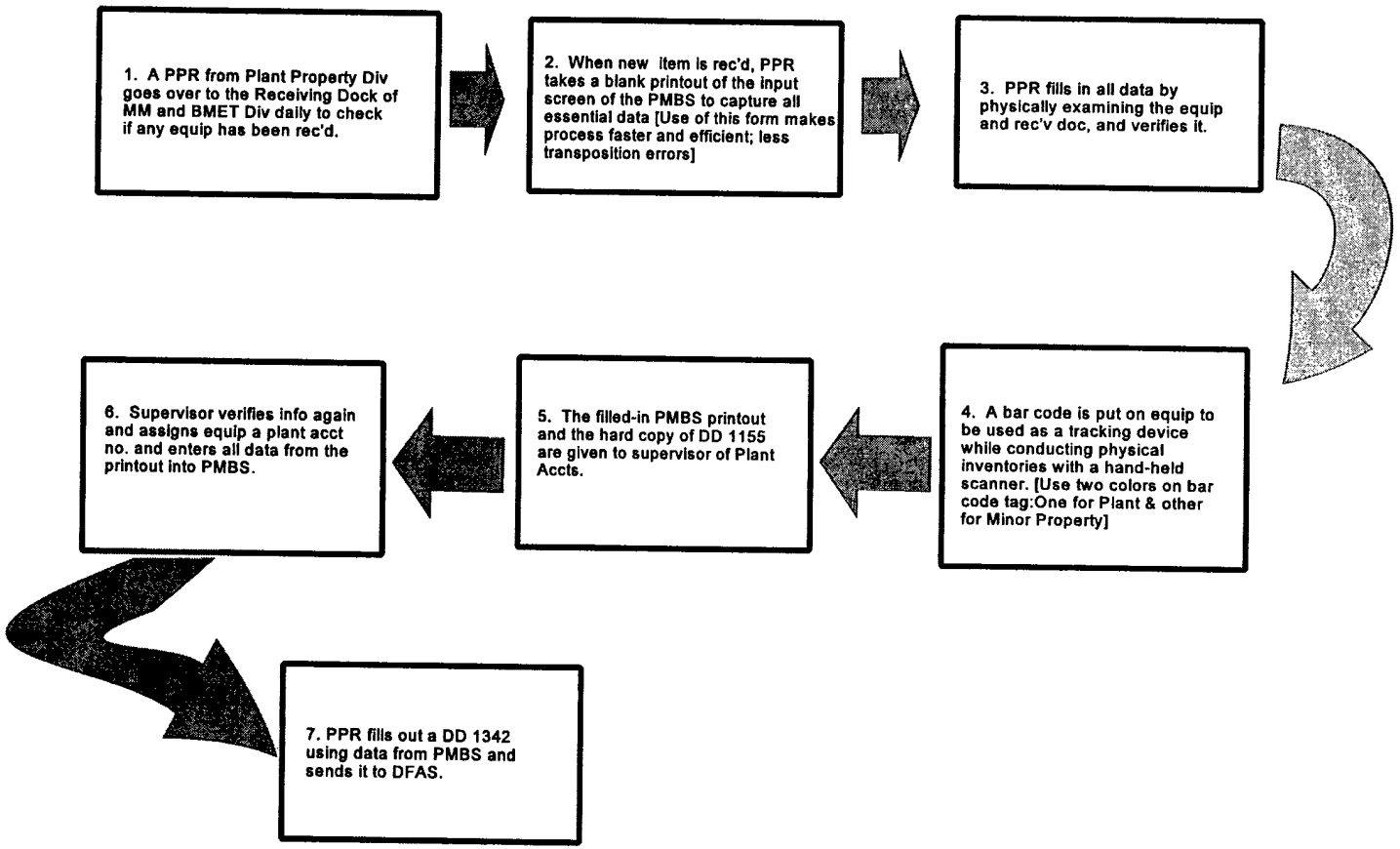

Figure 4.6

Revised Flow Diagram for Receipt of Plant Property for BUMED MTFs
Note: Recommendations are indicated in [brackets]

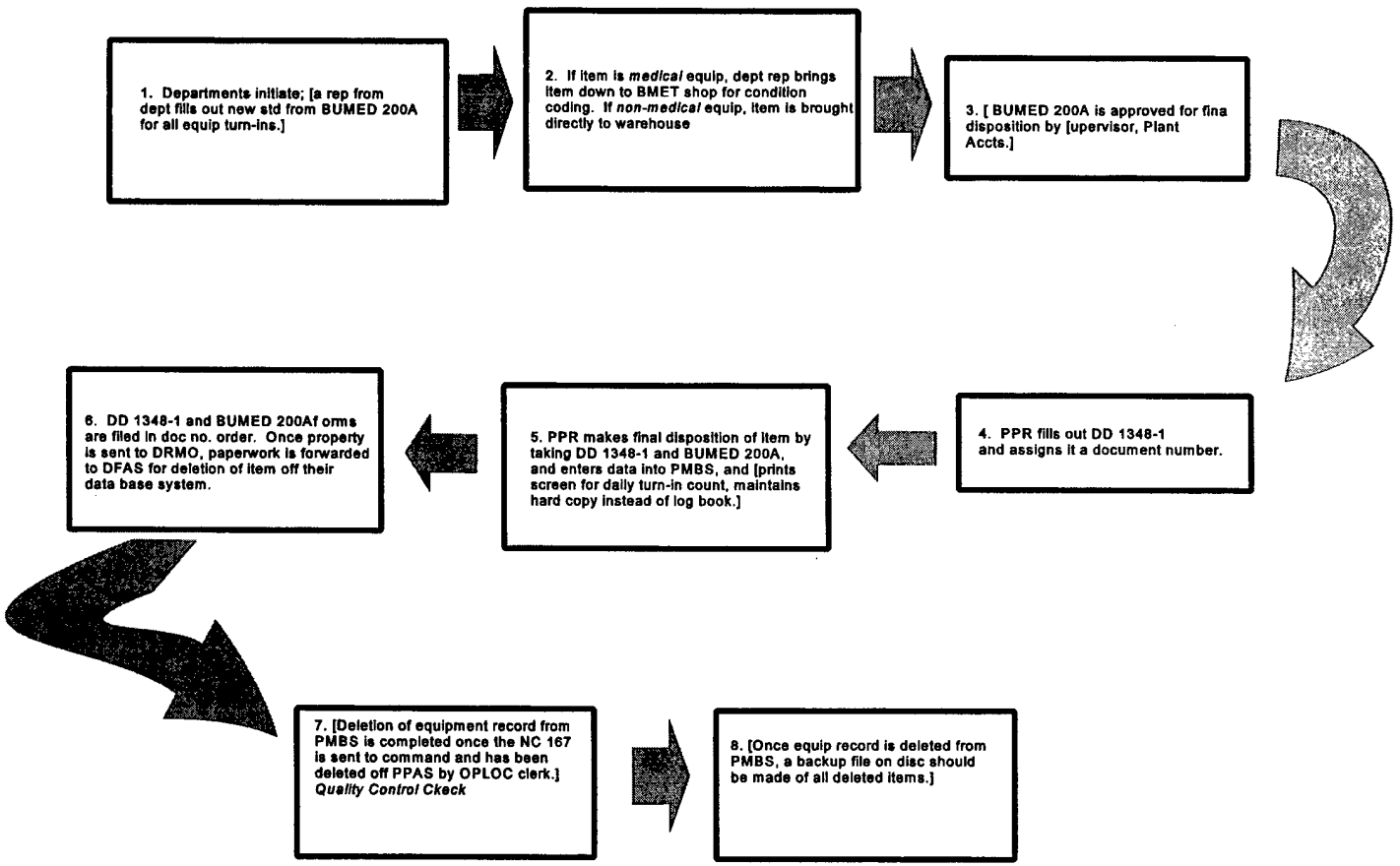

Figure 4.7

Revised Flow Diagram for Disposal of Plant Property for BUMED MTFs

Note: Recommendations are indicated in [brackets]

There is one modification recommended for NHTP's disposal of plant property process: remove the requirement of senior management to approve disposal requests from the departments.

In conclusion, this chapter has examined the procedures of all three commands and recommended solutions to improve the accuracy of data gathered at the activity level. It also provided explanations as to why these recommendation should be implemented throughout all Navy MTFs. If variation in each step can be reduced, the quality of the data can be improved. The revised process will resolve discrepancies by providing accurate, complete and timely data for both PMBS and PPAS.

V. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

A. SUMMARY

The focus of this research was to present a re-engineered plant property inventory management process for all Navy MTFs. GAO reports provided background data for the macro examination of exactly how large the plant property inventory management problem is in the DON. In order to determine the optimal plant property process, the Navy's current DFAS financial data and command database data situation was discussed. An analysis of the acquisition data found within three Navy MTFs was provided to narrow the focus to a micro examination of the plant property problem in Navy Medicine. Finally, a recommended solution to the plant property inventory management process was presented.

B. CONCLUSIONS

Background information from the GAO and acquisition data from DFAS and MTFs provide substantial evidence from different levels of the government about the current problems with plant property inventory management processes in the U. S. Navy. By examining three Naval MTF's plant property inventory management procedures, a benchmark process for all Navy MTFs to use was developed.

The revised plant property inventory management process used NMCSD as the standard for the receiving of new plant property. Other commands such as NHCP and NHTP, which offered unique solutions to the plant property process, and their best practices were integrated into the new revised process. First, NMCSD set the standard by decreasing the number of steps in the process of receiving new equipment.

Second, NHCP led the way with the use of a new form for customer use in disposing of plant property. Third, NHTP provided a less complex method to dispose of plant property by reducing the total number of steps in the disposal process.

A clear and concise inventory management process is the key for accurate financial data reporting at the activity level. Additionally, when a clear and concise plan is distributed, along with proper measurements by a headquarters element such as BUMED, financial errors like the ones depicted in Chapter III can be greatly reduced. The use of this revised plant property inventory management process is necessary and recommended to decrease variation in the plant property process and enhance the quality of the financial data at both command level as well as DFAS, and meet the requirement of Public Law 103-356 and Public Law 101-576.

C. RECOMMENDATIONS

A list of recommendations is provided to assist in the implementation of the revised plant property inventory management process:

1. It is recommended that BUMED initiate a claimancy level directive for all commands to follow a singular plant property process. A command supply discipline program with emphasis on strict physical accountability of all property should also be implemented. The purpose is to change the culture within BUMED activities to a culture where property accountability is high in the day to day operations of each command.

2. A complete and accurate physical inventory of all BUMED activities prior to using the revised plant property management process is essential.

This physical inventory will establish a baseline of current inventory of all plant property as well as minor property in all Navy MTFs. Once a baseline inventory is established, reconciliation of financial data on the NC 167 can take place.

3. To ensure commands are compliant with conducting physical inventories and reconciling all appropriate documents such as NC 167, each commanding officer could be required to have one line on his/her detaching Fitness Report indicating "Inventory of all plant and minor property was conducted and reconciled with the OPLOC". Additionally, Department Heads and Division Officers could have similar remarks on their detaching Fitness Reports. This one line will quickly change the emphasis on physical inventories and the reconciliation process. At a minimum this topic could be made an item of interest for the BUMED Inspector General (IG) for next several years until financial reporting is 100% accurate.

4. BUMED should select a special team of plant property personnel from commands throughout the Navy to work as the cleanup crew for old plant property records. As depicted from previous chapters, acquisition data is completely inaccurate. Poor historical plant property records are most likely the main problem and, thus, a dedicated team of unbiased experts is necessary to resolve the discrepancies.

5. Once physical inventories and old plant property records are examined by a special task force selected by BUMED, the team should review and inspect all data at the OPLOC-San Diego for accuracy. This reconciliation of all past BUMED activities is essential in order to proceed with the revised process.

Otherwise, reconciliation of the NC 167 will never occur due to the remaining inaccurate data elements.

6. Structural change: BUMED must develop and enforce a standard chain of command for all fiscal officers or comptrollers to follow at the local activity level. For example, all comptrollers must be in the direct control of the Commanding Officer. Once this becomes an established standard and is enforced, the next structural change is to move Equipment Managers away from Material Management and move them under the direct authority of comptrollers. The purpose is to ensure that day to day operations are under the officer responsible for the equipment. According to the NAVCOMPT Manual, this person is the Comptroller, not the Material Manager. If the current structure is to stay in place, a letter delegating responsibility for reconciliation of the NC 167 must be given to and upheld by the Material Management Department Head down to the Equipment Manager. This chain of command for responsibility of plant property must be clear and standard throughout the BUMED if the revised process is to work effectively.

7. Structural change: Biomedical Repairman should take over the day to day operation of property accounts at all Navy MTFs. The Biomedical Repairmen currently conduct preventative maintenance (PMs) checks on all medical equipment in Navy hospitals and clinics. During their PMs, they inspect and check equipment, and ensure that the correct serial number matches the work order for the equipment they are servicing. Therefore, if they do a PM, they have

essentially found the equipment and can update PMBS at the same time. This activity would take a few more seconds and tri-annual inventories could be completed in a fraction of the time it currently takes. In most commands, there are far more Biomedical Repairmen than plant property accounts personnel. Secondly, most of the plant property in MTFs is medical equipment and Biomedical Repairmen can identify this equipment with less training than Store Keepers and Ship Servicemen who usually are billeted as plant property accounts personnel.

8. There should be standardized bar code identification tags for all activities in BUMED. The purpose is reduce costs because the tags could be purchased in bulk quantities. Second, when conducting physical inventories, the providers would look for a standard tag on all PPE at any command they may be assigned to. This will save valuable time for providers when they conduct their physical inventories.

9. BUMED should recommend the standardization of all forms used to conduct plant property processes from receipt of new property to its final disposition. The recommendation should be made to Naval Information Management Center (NIMMC) to modify PMBS by adding the capability to computer generate all standard forms used in plant property. This program is in existence at NMCSD and could be used as the benchmark for the modification of PMBS. If this is not feasible, at a minimum distribution of the program created by NMCSD could disseminated to all Navy MTFs.

D. RECOMMENDATIONS FOR FUTURE RESEARCH

1. Research the feasibility of using Radio Frequency Identification (RFID) Tags instead of current bar code technology. This technology is currently in use at Walter Reed Army Medical Center. Briefly, the RFID tag has the ability to track PPE throughout the MTF without using plant property representatives or users to conduct physical inventories. The system uses readers which are placed throughout the facility, usually on the ceilings, to emit and read radio frequencies from the tag on the equipment. The data from the tag is transmitted by radio frequency from the readers to the remote site where the database is located along with the PPR. In summary, this technology would allow the user to greatly reduce time spent on physical inventories and provide accurate data quickly to the PPR. An economic analysis is currently being conducted by a contractor to confirm that RFID technology could be beneficial before a for full scale implementation is begun.

2. Development and revision of plant property procedures at the DFAS's OPLOCS. Currently, many checks and balance systems, such as work in progress, are not functioning correctly and are not being used by accounting clerks. Research into the process and procedures for plant property at the finance center level is key to cleaning up historical data.

3. Begin research into the possibility of standardizing the systems and procedures used at all OPLOCs under DFAS for management of plant property. OPLOCs currently use different procedures and processes to account for plant property.

Thus, to fix the financial system for accountability and accuracy of plant property data, a standard set of procedures and hardware and software systems needs to be developed.

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